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, 2018

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	**04-3512838**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
111 Speen Street, Suite 410 Framingham, Massachusetts	**01701**
(Address of Principal Executive Offices)	(Zip Code)

(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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuent to Section 13(a) of the Exchange Act. ☐

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

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 6, 2018
Class A Common Stock, $0.0001 par value per share	27,747,511
Class B Common Stock, $0.0001 par value per share	18,000,000

AMERESCO, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2018
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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

AMERESCO, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	June 30, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 27,952	$ 24,262
Restricted cash	15,103	15,751
Accounts receivable, net	115,596	85,121
Accounts receivable retainage, net	14,669	17,484
Costs and estimated earnings in excess of billings	64,656	104,852
Inventory, net	8,264	8,139
Prepaid expenses and other current assets	14,853	14,037
Income tax receivable	17,237	6,053
Project development costs	16,095	11,379
Total current assets	294,425	287,078
Federal ESPC receivable	246,918	248,917
Property and equipment, net	6,255	5,303
Energy assets, net	404,888	356,443
Goodwill	57,268	56,135
Intangible assets, net	2,414	2,440
Other assets	31,927	27,635
Total assets	$ 1,044,095	$ 983,951
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portions of long-term debt and capital lease liabilities	$ 27,451	$ 22,375
Accounts payable	115,805	135,881
Accrued expenses and other current liabilities	22,800	23,260
Billings in excess of cost and estimated earnings	19,907	19,871
Income taxes payable	1,298	755
Total current liabilities	187,261	202,142
Long-term debt and capital lease liabilities, less current portions and net of deferred financing fees	221,274	173,237
Federal ESPC liabilities	238,617	235,088
Deferred income taxes, net	8,505	584
Deferred grant income	6,912	7,188
Other liabilities	18,496	18,754
Commitments and contingencies (Note 7)		
Redeemable non-controlling interests	12,322	10,338

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

AMERESCO, INC.
CONSOLIDATED BALANCE SHEETS — (Continued)
(in thousands, except share and per share amounts)

	June 30, 2018 (Unaudited)	December 31, 2017
Stockholders' equity:		
Preferred stock, $0.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2018 and December 31, 2017	$ —	$ —
Class A common stock, $0.0001 par value, 500,000,000 shares authorized, 29,818,008 shares issued and 27,732,511 shares outstanding at June 30, 2018, 29,406,315 shares issued and 27,533,049 shares outstanding at December 31, 2017	3	3
Class B common stock, $0.0001 par value, 144,000,000 shares authorized, 18,000,000 shares issued and outstanding at June 30, 2018 and December 31, 2017	2	2
Additional paid-in capital	119,257	116,196
Retained earnings	247,080	235,844
Accumulated other comprehensive loss, net	(4,063)	(5,626)
Less - treasury stock, at cost, 2,085,497 shares at June 30, 2018 and 1,873,266 shares at December 31, 2017	(11,571)	(9,799)
Total stockholders' equity	350,708	336,620
Total liabilities, redeemable non-controlling interests and stockholders' equity	$ 1,044,095	$ 983,951

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

AMERESCO, INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues	$ 196,982	$ 166,665	$ 364,392	$ 301,275
Cost of revenues	154,206	131,257	286,143	239,943
Gross profit	42,776	35,408	78,249	61,332
Selling, general and administrative expenses	28,801	26,650	56,005	53,137
Operating income	13,975	8,758	22,244	8,195
Other expenses, net	3,966	1,738	7,510	3,564
Income before provision (benefit) for income taxes	10,009	7,020	14,734	4,631
Income tax provision (benefit)	1,307	1,060	(1,472)	415
Net income	8,702	5,960	16,206	4,216
Net (income) loss attributable to redeemable non-controlling interests	—	(129)	(516)	971
Net income attributable to common shareholders	$ 8,702	$ 5,831	$ 15,690	$ 5,187
Net income per share attributable to common shareholders:				
Basic	$ 0.19	$ 0.13	$ 0.35	$ 0.11
Diluted	$ 0.19	$ 0.13	$ 0.34	$ 0.11
Weighted average common shares outstanding:				
Basic	45,470,000	45,463,000	45,469,000	45,488,000
Diluted	46,406,000	45,675,000	46,272,000	45,601,000

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

AMERESCO, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(Unaudited)

	Three Months Ended June 30,	
	2018	2017
Net income	$ 8,702	$ 5,960
Other comprehensive income (loss):		
Unrealized gain (loss) from interest rate hedges, net of tax (provision) benefit of $20 and $195, respectively	158	(331)
Foreign currency translation adjustments	(435)	373
Total other comprehensive income (loss)	(277)	42
Comprehensive income	8,425	6,002
Comprehensive (income) attributable to redeemable non-controlling interests	—	(129)
Comprehensive income attributable to common shareholders	$ 8,425	$ 5,873

	Six Months Ended June 30,	
	2018	2017
Net income	16,206	4,216
Other comprehensive income (loss):		
Unrealized gain (loss) from interest rate hedges, net of tax (provision) benefit of $409 and $147, respectively	1,561	(129)
Foreign currency translation adjustments	2	382
Total other comprehensive income	1,563	253
Comprehensive income	17,769	4,469
Comprehensive (income) loss attributable to redeemable non-controlling interests	(516)	971
Comprehensive income attributable to common shareholders	$ 17,253	$ 5,440

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

AMERESCO, INC.
CONSOLIDATED STATEMENT OF CHANGES IN REDEEMABLE NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(in thousands, except share amounts)
(Unaudited)

	Redeemable Non-Controlling Interests	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Stockholders' Equity
		Shares	Amount	Shares	Amount				Shares	Amount	
Balance, December 31, 2017	$ 10,338	27,533,049	$ 3	18,000,000	$ 2	$116,196	$235,844	$ (5,626)	1,873,266	$ (9,799)	$ 336,620
Cumulative impact from the adoption of ASU No. 2014-09 (Note 2)	—	—	—	—	—	—	(4,454)	—	—	—	(4,454)
Exercise of stock options	—	385,618	—	—	—	2,101	—	—	—	—	2,101
Stock-based compensation expense	—	—	—	—	—	747	—	—	—	—	747
Employee Stock Purchase Plan	—	26,075	—	—	—	213	—	—	—	—	213
Open market purchase of common shares	—	(212,231)	—	—	—	—	—	—	212,231	(1,772)	(1,772)
Unrealized gain from interest rate hedge, net	—	—	—	—	—	—	—	1,561	—	—	1,561
Foreign currency translation adjustment	—	—	—	—	—	—	—	2	—	—	2
Contributions from redeemable non-controlling interests	1,673	—	—	—	—	—	—	—	—	—	—
Distributions to redeemable non-controlling interests	(205)	—	—	—	—	—	—	—	—	—	—
Net (loss) income	516	—	—	—	—	—	15,690	—	—	—	15,690
Balance, June 30, 2018	$ 12,322	27,732,511	$ 3	18,000,000	$ 2	$119,257	$247,080	$ (4,063)	2,085,497	$(11,571)	$ 350,708

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

AMERESCO, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities:		
Net income	$ 16,206	$ 4,216
Adjustments to reconcile net income (loss) to cash flows from operating activities:		
Depreciation of energy assets	12,946	10,220
Depreciation of property and equipment	1,072	1,336
Amortization of deferred financing fees	838	786
Amortization of intangible assets	502	716
Provision for bad debts	303	15
Gain on sale of assets	—	(104)
Unrealized gain (loss) on ineffectiveness of swaps	(133)	(178)
Stock-based compensation expense	747	650
Deferred income taxes	9,174	(1,867)
Unrealized foreign exchange (gain) loss	900	(712)
Changes in operating assets and liabilities:		
Accounts receivable	(23,750)	18,561
Accounts receivable retainage	2,704	(779)
Federal ESPC receivable	(69,276)	(72,781)
Inventory, net	(125)	2,626
Costs and estimated earnings in excess of billings	29,824	4,101
Prepaid expenses and other current assets	3,490	906
Project development costs	(5,331)	(4,066)
Other assets	(1,380)	406
Accounts payable, accrued expenses and other current liabilities	(24,365)	(15,720)
Billings in excess of cost and estimated earnings	(1,421)	212
Other liabilities	578	(60)
Income taxes payable	(10,640)	97
Cash flows from operating activities	(57,137)	(51,419)
Cash flows from investing activities:		
Purchases of property and equipment	(2,056)	(1,231)
Purchases of energy assets	(26,197)	(51,393)
Proceeds from sale of assets of a business	—	2,777
Acquisitions, net of cash received	(34,044)	(2,409)
Cash flows from investing activities	(62,297)	(52,256)

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

AMERESCO, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(in thousands)
(Unaudited)

	Six Months Ended June 30,	
	2018	**2017**
Cash flows from financing activities:		
Payments of financing fees	(2,285)	(1,614)
Proceeds from exercises of options and ESPP	2,314	1,077
Repurchase of common stock	(1,772)	(2,269)
Proceeds from senior secured credit facility, net	6,100	13,200
Proceeds from long-term debt financings	58,634	41,565
Proceeds from Federal ESPC projects	69,664	74,036
Proceeds from Federal ESPC energy assets	690	—
Proceeds from sale-leaseback financings	—	21,454
Contributions from redeemable non-controlling interests, net	1,468	1,421
Payments on long-term debt	(10,776)	(35,987)
Cash flows from financing activities	124,037	112,883
Effect of exchange rate changes on cash	(231)	(56)
Net increase in cash, cash equivalents, and restricted cash	4,372	9,152
Cash, cash equivalents, and restricted cash, beginning of period	60,105	52,826
Cash, cash equivalents, and restricted cash, end of period	$ 64,477	$ 61,978
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 5,183	$ 5,711
Cash paid for income taxes	$ 1,903	$ 2,371
Non-cash Federal ESPC settlement	$ 66,798	$ 9,310
Accrued purchases of energy assets	$ 10,586	$ 8,606
Conversion of revolver to term loan	$ 25,000	$ —

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets to the total of the same such amounts shown above:

	Six Months Ended June 30,	
	2018	**2017**
Cash and cash equivalents	$ 27,952	$ 27,131
Short-term restricted cash	15,103	16,565
Long-term restricted cash included in other assets	21,422	18,282
Total cash and cash equivalents, and restricted cash	$ 64,477	$ 61,978

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

1. DESCRIPTION OF BUSINESS

Ameresco, Inc. (including its subsidiaries, the “Company”) was organized as a Delaware corporation on April 25, 2000. The Company is a provider of energy efficiency solutions for facilities throughout North America and Europe. The Company provides solutions, both services and products, that enable customers to reduce their energy consumption, lower their operating and maintenance costs and realize environmental benefits. The Company’s comprehensive set of solutions includes upgrades to a facility’s energy infrastructure and the construction and operation of small-scale renewable energy plants. It also sells certain photovoltaic (“PV”) equipment worldwide. The Company operates in the United States, Canada and Europe.

The Company is compensated through a variety of methods, including: 1) direct payments based on fee-for-services contracts (utilizing lump-sum or cost-plus pricing methodologies); 2) the sale of energy from the Company’s energy assets; and 3) direct payment for PV equipment and systems.

The condensed consolidated financial statements as of June 30, 2018, and for the three and six months ended June 30, 2018 and 2017, are unaudited, pursuant to certain rules and regulations of the Securities and Exchange Commission, and include, in the opinion of the Company, normal recurring adjustments necessary for a fair presentation in conformity with accounting principles generally accepted in the United States (“GAAP”) of the results for the periods indicated, which, however, are not necessarily indicative of results which may be expected for the full year. The December 31, 2017 consolidated balance sheet data was derived from audited financial statements, but certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. The interim condensed consolidated financial statements, and notes thereto, should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017, and notes thereto, included in the Company’s annual report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on March 7, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company, its subsidiaries in which the Company has a controlling financial interest and three investment funds formed to fund the purchase of solar energy systems, which are consolidated with the Company as variable interest entities (“VIE”). The Company uses a qualitative approach in assessing the consolidation requirement for VIEs. This approach focuses on determining whether the Company has the power to direct the activities of the VIE that most significantly affect the VIE’s economic performance and whether the Company has the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. For all periods presented, the Company has determined that it is the primary beneficiary in all of its operational VIEs. The Company evaluates its relationships with the VIEs on an ongoing basis to ensure that it continues to be the primary beneficiary. All significant intercompany accounts and transactions have been eliminated. Gains and losses from the translation of all foreign currency financial statements are recorded in accumulated other comprehensive loss, net, within stockholders’ equity. The Company prepares its financial statements in conformity with GAAP.

Use of Estimates

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant estimates and assumptions used in these condensed consolidated financial statements relate to management’s estimates of final construction contract profit in accordance with accounting for long-term contracts, allowance for doubtful accounts, inventory reserves, realization of project development costs, fair value of derivative financial instruments, accounting for business acquisitions, stock-based awards, impairment of long-lived assets, income taxes, self insurance reserves and potential liability in conjunction with certain commitments and contingencies. Actual results could differ from those estimates.

The Company is self-insured for employee health insurance. The maximum exposure in fiscal year 2018 under the plan is $100 per covered participant, after which reinsurance takes effect. The liability for unpaid claims and associated expenses, including incurred but not reported claims, is determined by management and reflected in the Company’s consolidated balance sheets in accrued expenses and other current liabilities. The liability is calculated based on historical data, which considers both the frequency and settlement amount of claims. The Company’s estimated accrual for this liability could be different than its ultimate obligation if variables such as the frequency or amount of future claims differ significantly from management's assumptions.

(in thousands, except share and per share amounts)

Cash and Cash Equivalents

Cash and cash equivalents includes cash on deposit, overnight repurchase agreements and amounts invested in highly liquid money market funds. Cash equivalents consist of short term investments with original maturities of three months or less. The Company maintains accounts with financial institutions and the balances in such accounts, at times, exceed federally insured limits. This credit risk is divided among a number of financial institutions that management believes to be of high quality. The carrying amount of cash and cash equivalents approximates its fair value measured using level 1 inputs per the fair value hierarchy as defined in Note 8.

Restricted Cash

Restricted cash consists of cash and cash equivalents held in an escrow account in association with construction draws for energy savings performance contracts ("ESPC"), construction of energy assets, operations and maintenance ("O&M") reserve accounts and cash collateralized letters of credit as well as cash required under term loans to be maintained in debt service reserve accounts until all obligations have been indefeasibly paid in full. These accounts are primarily invested in highly liquid money market funds. The carrying amount of the cash and cash equivalents in these accounts approximates its fair value measured using level 1 inputs per the fair value hierarchy as defined in Note 8. Restricted cash also includes funds held for clients, which represent assets that, based upon the Company's intent, are restricted for use solely for the purposes of satisfying the obligations to remit funds to third parties, primarily utility service providers, relating to the Company's enterprise energy management services. As of June 30, 2018 and December 31, 2017, the Company classified the non-current portion of restricted cash of $21,422 and $20,092, respectively, in other assets on its consolidated balance sheets.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided for those accounts receivable considered to be uncollectible based upon historical experience and management's evaluation of outstanding accounts receivable. Bad debts are written off against the allowance when identified.

Changes in the allowance for doubtful accounts are as follows:

	Six Months Ended June 30,	
	2018	2017
Allowance for doubtful accounts, beginning of period	$ 3,315	$ 7,836
Charges to costs and expenses	303	15
Account write-offs and other	(159)	(3,945)
Allowance for doubtful accounts, end of period	$ 3,459	$ 3,906

During the year ended ended December 31, 2016, the Company reserved for certain assets related to a customer who declared bankruptcy. Of this amount, $2,394 was recorded as an allowance for doubtful accounts in accounts receivable, net. During 2017 a settlement was reached with this customer and the Company has no additional exposure for the remaining receivables.

Accounts Receivable Retainage

Accounts receivable retainage represents amounts due from customers, but where payments are withheld contractually until certain construction milestones are met. Amounts retained typically range from 5% to 10% of the total invoice. The Company classifies as a current asset those retainages that are expected to be billed in the next twelve months. No amounts were determined to be uncollectible as of June 30, 2018 and December 31, 2017.

Inventory

Inventories, which consist primarily of PV solar panels, batteries and related accessories, are stated at the lower of cost ("first-in, first-out" method) or net realizable value (determined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation). Provisions have been made to reduce the carrying value of inventory to the net realizable value.

(in thousands, except share and per share amounts)

Prepaid Expenses

Prepaid expenses consist primarily of short-term prepaid expenditures that will amortize within one year.

Federal ESPC Receivable

Federal ESPC receivable represents the amount to be paid by various federal government agencies for work performed and earned by the Company under specific ESPCs. The Company assigns certain of its rights to receive those payments to third-party investors that provide construction and permanent financing for such contracts. Upon completion and acceptance of the project by the government, typically within 24 to 36 months of construction commencement, the assigned ESPC receivable from the government and corresponding ESPC liability are eliminated from the Company's condensed consolidated financial statements.

Project Development Costs

The Company capitalizes as project development costs only those costs incurred in connection with the development of energy projects, primarily direct labor, interest costs, outside contractor services, consulting fees, legal fees and travel, if incurred after a point in time where the realization of related revenue becomes probable. Project development costs incurred prior to the probable realization of revenue are expensed as incurred. The Company classifies as a current asset those project development efforts that are expected to proceed to construction activity in the twelve months that follow. The Company periodically reviews these balances and writes off any amounts where the realization of the related revenue is no longer probable. Project development costs of $2,948 and $1,524 were included in other long-term assets as at June 30, 2018 and December 31, 2017, respectively.

Property and Equipment

Property and equipment consists primarily of office and computer equipment, and is recorded at cost. Major additions and improvements are capitalized as additions to the property and equipment accounts, while replacements, maintenance and repairs that do not improve or extend the life of the respective assets are expensed as incurred. Depreciation and amortization of property and equipment are computed on a straight-line basis over the following estimated useful lives:

Asset Classification	Estimated Useful Life
Furniture and office equipment	Five years
Computer equipment and software costs	Three to five years
Leasehold improvements	Lesser of term of lease or five years
Automobiles	Five years
Land	Unlimited

Gains or losses on disposal of property and equipment are reflected in selling, general and administrative expenses in the consolidated statements of income (loss).

Energy Assets

Energy assets consist of costs of materials, direct labor, interest costs, outside contract services, deposits and project development costs incurred in connection with the construction of small-scale renewable energy plants that the Company owns. These amounts are capitalized and amortized to cost of revenues in the Company's consolidated statements of income (loss) on a straight line basis over the lives of the related assets or the terms of the related contracts.

The Company capitalizes interest costs relating to construction financing during the period of construction. Capitalized interest is included in energy assets, net in the Company's consolidated balance sheets. Capitalized interest is amortized to cost of revenues in the Company's consolidated statements of income (loss) on a straight line basis over the useful life of the associated energy asset. There was $744 and $1,369 of interest capitalized for the three months ended June 30, 2018 and 2017, respectively. There was $1,738 and $2,527 of interest capitalized for the six months ended June 30, 2018 and 2017, respectively

Routine maintenance costs are expensed in the current year's consolidated statements of income (loss) to the extent that they do not extend the life of the asset. Major maintenance, upgrades and overhauls are required for certain components of the Company's assets. In these instances, the costs associated with these upgrades are capitalized and are depreciated over the shorter of the remaining life of the asset or the period until the next required major maintenance or overhaul.

Included in energy assets are capital lease assets and accumulated depreciation of capital lease assets.

The Company evaluates its long-lived assets for impairment as events or changes in circumstances indicate the carrying value of these assets may not be fully recoverable. Examples of such triggering events applicable to the Company’s assets include a significant decrease in the market price of a long-lived asset or asset group or a current-period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group.

The Company evaluates recoverability of long-lived assets to be held and used by estimating the undiscounted future cash flows before interest associated with the expected uses and eventual disposition of those assets. When these comparisons indicate that the carrying value of those assets is greater than the undiscounted cash flows, the Company recognizes an impairment loss for the amount that the carrying value exceeds the fair value.

From time to time, the Company has applied for and received cash grant awards from the U.S. Treasury Department (the “Treasury”) under Section 1603 of the American Recovery and Reinvestment Act of 2009 (the “Act”). The Act authorized the Treasury to make payments to eligible persons who place in service qualifying renewable energy projects. The grants are paid in lieu of investment tax credits. All of the cash proceeds from the grants were used and recorded as a reduction in the cost basis of the applicable energy assets. If the Company disposes of the property, or the property ceases to qualify as specified energy property, within five years from the date the property is placed in service, then a prorated portion of the Section 1603 payment must be repaid.

The Company did not receive any Section 1603 grants during the six months ended June 30, 2018 or June 30, 2017. No further Section 1603 grant payments are expected to be received as the program has expired.

For tax purposes, the Section 1603 payments are not included in federal and certain state taxable income and the basis of the property is reduced by 50% of the payment received. Deferred grant income of $6,912 and $7,188 recorded in the accompanying consolidated balance sheets as of June 30, 2018 and December 31, 2017, respectively, represents the benefit of the basis difference to be amortized to income tax expense over the life of the related property.

Deferred Financing Fees

Deferred financing fees relate to the external costs incurred to obtain financing for the Company. Deferred financing fees are amortized over the respective term of the financing using the effective interest method, with the exception of the Company’s revolving credit facility and construction loans, as discussed in Note 13, for which deferred financing fees are amortized on a straight-line basis over the term of the agreement. Deferred financing fees are presented on the consolidated balance sheets as a reduction to long-term debt and capital lease liabilities.

Goodwill and Intangible Assets

The Company has classified as goodwill the amounts paid in excess of fair value of the net assets (including tax attributes) of companies acquired in purchase transactions. The Company has recorded intangible assets related to customer contracts, customer relationships, non-compete agreements, trade names and technology, each with defined useful lives. The Company assesses the impairment of goodwill and intangible assets that have indefinite lives on an annual basis (December 31st) and whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Goodwill is reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The process of evaluating the potential impairment of goodwill requires significant judgment. The Company regularly monitors current business conditions and other factors including, but not limited to, adverse industry or economic trends, restructuring actions and projections of future results. The Company estimates the reporting units fair value and compares it with the carrying value of the reporting unit, including goodwill. If the fair value is greater than the carrying value of its reporting unit, no impairment is recorded. Fair value is determined using both an income approach and a market approach. The estimates and assumptions used in the Company’s calculations include revenue growth rates, expense growth rates, expected capital expenditures to determine projected cash flows, expected tax rates and an estimated discount rate to determine present value of expected cash flows. These estimates are based on historical experiences, the Company’s projections of future operating activity and its weighted-average cost of capital. If the fair value is less than the carrying value, an impairment loss is recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit. The impairment charge would be recorded to earnings in the consolidated statements of income (loss). Judgment is required in determining whether an event has occurred that may impair the value of goodwill or identifiable intangible assets.

(in thousands, except share and per share amounts)

Acquired intangible assets other than goodwill that are subject to amortization include customer contracts and customer relationships, as well as software/technology, trade names and non-compete agreements. The intangible assets are amortized over periods ranging from one to fifteen years from their respective acquisition dates. The Company evaluates its intangible assets for impairment consistent with, and part of, their long-lived assets evaluation, as discussed in Energy Assets above.

See Note 5 for additional disclosures.

Other Assets

Other assets consist primarily of notes and contracts receivable due to the Company from various customers and non-current restricted cash. Other assets also include, the fair value of derivatives determined to be assets, the non-current portion of project development costs, accounts receivable retainages, sale-leaseback deferred loss and deferred contract costs.

Asset Retirement Obligations

The Company recognizes a liability for the fair value of required asset retirement obligations ("AROs") when such obligations are incurred. The liability is estimated on a number of assumptions requiring management's judgment, including equipment removal costs, site restoration costs, salvage costs, cost inflation rates and discount rates and is credited to its projected future value over time. The capitalized asset is depreciated using the convention of depreciation of plant assets. Upon satisfaction of the ARO conditions, any difference between the recorded ARO liability and the actual retirement cost incurred is recognized as an operating gain or loss in the consolidated statements of income (loss). As of June 30, 2018 and December 31, 2017, the Company had no ARO liabilities recorded.

Federal ESPC Liabilities

Federal ESPC liabilities, for both projects and energy assets, represent the advances received from third-party investors under agreements to finance certain ESPC projects with various federal government agencies.

For projects related to the construction or installation of certain energy savings equipment or facilities developed for the government customer, upon completion and acceptance of the project by the government, typically within 24 to 36 months of construction commencement, the ESPC receivable from the government and corresponding ESPC liability is eliminated from the Company's consolidated balance sheet. Until recourse to the Company ceases for the ESPC receivables transferred to the investor, upon final acceptance of the work by the government customer, the Company remains the primary obligor for financing received.

For small-scale energy assets developed for the government customer that the Company owns and operates, upon final acceptance of the work by the government customer, the Company remains the primary obligor for financing received and the liability is eliminated from the Company's consolidated balance sheet as contract payments assigned by the customer are transferred to the investor.

Sale-Leaseback

During the first quarter of 2015, the Company entered into an agreement with an investor which gives the Company the option to sell and contemporaneously lease back solar photovoltaic ("solar PV") projects. In September 2016, the Company amended its agreement with the investor whereas the investor has committed up to a maximum combined funding amount of $100,000 through June 30, 2017 on certain projects. In May 2017, the Company amended its agreement with the investor to extend the end date of the agreement to June 30, 2018. Additionally, the Company sold and contemporaneously leased back one solar PV project to a separate investor, not a party to the master lease agreement, under a new agreement during the six months ended June 30, 2017. No sale-leaseback agreements were entered into during the three and six months ended June 30, 2018. See below for a summary of solar PV project sales in prior year under our sale-leaseback agreements:

Quarter Ended	# Solar PV Projects Sold (actual #'s)	Sale Price	Deferred Gain Recorded	Deferred Loss Recorded	Capital Lease Asset/Liability Recorded	Initial Lease Term (years)	Minimum Lease Payment	Maximum Lease Payment
June 30, 2017	4	$ 12,671	$ 932	$ 144	$ 5,774	20	$ 4	$ 252

(in thousands, except share and per share amounts)

As part of the agreement, the Company was a party to a master lease agreement that provides for the sale of solar PV projects to a third-party investor and the simultaneous leaseback of the projects, which the Company then operates and maintains, recognizing revenue through the sale of the electricity and solar renewable energy credits generated by these projects. In sale-leaseback arrangements, the Company first determines whether the solar PV project under the sale-leaseback arrangement is “integral equipment.” A solar PV project is determined to be integral equipment when the cost to remove the project from its existing location, including the shipping and reinstallation costs of the solar PV project at the new site, including any diminution in fair value, exceeds 10% of the fair value of the solar PV project at the time of its original installation. When the leaseback arrangement expires, the Company has the option to purchase the solar PV project for the then fair market value or, in certain circumstances, renew the lease for an extended term. All solar PV projects sold to date under the sale-leaseback program have been determined by the Company not to be integral equipment as the cost to remove the project from its existing location would not exceed 10% of its original fair value.

For solar PV projects that the Company has determined not to be integral equipment, the Company then determines if the leaseback should be classified as a capital lease or an operating lease. All solar PV projects sold to date under the sale-leaseback program have been determined by the Company to be capital leases. For leasebacks classified as capital leases, the Company initially records a capital lease asset and capital lease obligation in its consolidated balance sheet equal to the lower of the present value of the Company’s future minimum leaseback payments or the fair value of the solar PV project. For capital leasebacks, the Company defers any gain or loss, representing the excess or shortfall of cash received from the investor compared to the net book value of the asset in the Company’s consolidated balance sheet at the time of the sale. The Company records the long term portion of any deferred gain or loss in other liabilities and other assets, respectively, and the current portion of any deferred gain and loss in accrued expenses and other current liabilities and prepaid expenses and other current assets, respectively, in its consolidated balance sheet and amortizes the deferred amounts over the lease term in cost of revenues in its consolidated statements of income (loss). Net amortization expense in cost of revenues related to deferred gains and losses was $(46) and $(15) of net gains for the three months ended June 30, 2018 and 2017, respectively. Net amortization expense in cost of revenues related to deferred gains and losses was $(105) and $(24) of net gains for the six months ended June 30, 2018 and 2017, respectively.

A summary of amounts related to sale leasebacks in the Company’s consolidated balance sheets is as follows:

	June 30, 2018	December 31, 2017
Capital lease assets, net	$ 36,690	$ 36,676
Deferred loss, short-term, net	115	118
Deferred loss, long-term, net	1,975	2,054
Total deferred loss	$ 2,090	$ 2,172
Capital lease liabilities, short-term	4,718	4,157
Capital lease liabilities, long-term	29,425	30,712
Total capital lease liabilities	$ 34,143	$ 34,869
Deferred gain, short-term, net	318	338
Deferred gain, long-term, net	5,467	5,835
Total deferred gain	$ 5,785	$ 6,173

Other Liabilities

Other liabilities consist primarily of deferred revenue related to multi-year operation and maintenance contracts which expire at various dates through 2033. Other liabilities also include the fair value of derivatives and the long term portion of sale-leaseback deferred gains.

See Note 9 for additional disclosures.

Revenue Recognition

On January 1, 2018, the Company adopted ASU 2014-09, “Revenue from Contracts with Customers” (Topic 606) using the modified retrospective method applied to those contracts which were not completed as of December 31, 2017. Results for reporting periods beginning January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The Company recorded an adjustment to retained earnings on January 1, 2018 due to the cumulative impact of adopting Topic 606. See Note 3 "Revenue from Contracts with Customers" for the required disclosures related to the impact of adopting this standard and a discussion of the Company's updated policies related to revenue recognition discussed below.

The Company derives revenues from energy efficiency and renewable energy products and services. Energy efficiency products and services include the design, engineering, and installation of equipment and other measures to improve the efficiency, and control the operation, of a facility's energy infrastructure. Renewable energy products and services include the construction of small-scale plants that produce electricity, gas, heat or cooling from renewable sources of energy, the sale of such electricity, gas, heat or cooling from plants that the Company owns, and the sale and installation of solar energy products and systems. Below is a description of the Company's primary lines of business.

Projects - The Company's principal service relates to energy efficiency projects, which entails the design, engineering and installation of, and assisting with the arranging of financing for an ever-increasing array of innovative technologies and techniques to improve the energy efficiency, and control the operation, of a building's energy- and water- consuming systems. In certain projects, the Company also designs and constructs for a customer a central plant or cogeneration system providing power, heat and/or cooling to a building, or a small-scale plant that produces electricity, gas, heat or cooling from renewable sources of energy.

Under Topic 606 requirements, the Company recognizes revenue from the installation or construction of projects over time using the cost-based input method. The Company uses the total costs incurred on the the project relative to the total expected costs to satisfy the performance obligation.

When the estimate on a contract indicates a loss, or claims against costs incurred reduce the likelihood of recoverability of such costs, the Company records the entire estimated loss in the period the loss becomes known.

Operations & Maintenance ("O&M") - After an energy efficiency or renewable energy project is completed, the Company often provides ongoing O&M services under a multi-year contract. These services include operating, maintaining and repairing facility energy systems such as boilers, chillers and building controls, as well as central power and other small-scale plants. For larger projects, the Company frequently maintains staff on-site to perform these services.

Maintenance revenue is recognized using the input method to recognize revenue. In most cases, O&M fees are fixed annual fees. Because the Company is on-site to perform O&M services, the services are typically a distinct series of promises, and those services have the same pattern of transfer to the customer (i.e., evenly over time), the Company records the revenue on a straight-line basis. Some O&M service contract fees are billed on time expended. In those cases, revenue is recorded based on the time expended in that month.

Energy Assets - The Company's service offerings also includes the sale of electricity, processed renewable gas fuel, heat or cooling from the portfolio of assets that the Company owns and operates. The Company has constructed and is currently designing and constructing a wide range of renewable energy plants using landfill gas ("LFG"), wastewater treatment biogas, solar, biomass, other bio-derived fuels, wind and hydro sources of energy. Most of the Company's renewable energy projects to date have involved the generation of electricity from solar PV and LFG or the sale of processed LFG. The Company purchases the LFG that otherwise would be combusted or vented, process it, and either sell it or use it in its energy plants. The Company has also designed and built, as well as own, operate and maintain, plants that take biogas generated in the anaerobic digesters of wastewater treatment plants and turn it into renewable natural gas that is either used to generate energy on-site or that can be sold through the nation's natural gas pipeline grid. Where the Company owns and operates energy producing assets, the Company typically enters into a long-term power purchase agreement ("PPA") for the sale of the energy. Many of the Company's energy assets also produce environmental attributes, commonly referred to as renewable energy credits ("RECs"). In most cases, the Company sells RECs under separate agreements with third parties other than the PPA customer.

The Company recognizes revenues from the sale and delivery of the energy output from renewable energy plants, over time as produced and delivered to the customer, in accordance with specific PPA contract terms. REC revenue is recognized at a point time, when the RECs are transferred to the customer in accordance with the transfer protocols of the REC market that the Company operates in. In those cases where RECs are sold to the same customer as the energy output, the Company records revenue monthly for both the energy output and the REC output, as generated and delivered to the customer.

Other - The Company's service and product offerings also include integrated-PV and consulting and enterprise energy management services.

The Company recognizes revenues from delivery of engineering, consulting services and enterprise energy management services over time. For the sale of solar materials, revenue is recognized at a point in time when the Company has transferred physical control of the asset to the customer upon shipment.

To the extent a contract is deemed to have multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation using its best estimate of the standalone selling price of each distinct good or service in the contract.

Billings in excess of cost and estimated earnings represents advanced billings on certain construction contracts. Costs and estimated earnings in excess of billings represent certain amounts under customer contracts that were earned and billable but not invoiced.

Cost of Revenues

Cost of revenues include the cost of labor, materials, equipment, subcontracting and outside engineering that are required for the development and installation of projects, as well as preconstruction costs, sales incentives, associated travel, inventory obsolescence charges, amortization of intangible assets related to customer contracts and, if applicable, costs of procuring financing. A majority of the Company's contracts have fixed price terms; however, in some cases the Company negotiates protections, such as a cost-plus structure, to mitigate the risk of rising prices for materials, services and equipment.

Cost of revenues also include the costs of maintaining and operating the small-scale renewable energy plants that the Company owns, including the cost of fuel (if any) and depreciation charges.

Income Taxes

The Company provides for income taxes based on the liability method. The Company provides for deferred income taxes based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities calculated using the enacted tax rates in effect for the year in which the differences are expected to be reflected in the tax return.

The Company accounts for uncertain tax positions using a "more-likely-than-not" threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors that include, but are not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position. The Company evaluates uncertain tax positions on a quarterly basis and adjusts the level of the liability to reflect any subsequent changes in the relevant facts surrounding the uncertain positions.

The Company's liabilities for uncertain tax positions can be relieved only if the contingency becomes legally extinguished through either payment to the taxing authority or the expiration of the statute of limitations, the recognition of the benefits associated with the position meet the "more-likely-than-not" threshold or the liability becomes effectively settled through the examination process.

The Company considers matters to be effectively settled once the taxing authority has completed all of its required or expected examination procedures, including all appeals and administrative reviews; the Company has no plans to appeal or litigate any aspect of the tax position; and the Company believes that it is highly unlikely that the taxing authority would examine or re-examine the related tax position. The Company also accrues for potential interest and penalties related to unrecognized tax benefits in income tax expense.

The Company has presented all deferred tax assets and liabilities as net and noncurrent on its consolidated balance sheet as of June 30, 2018 and December 31, 2017, respectively.

See Note 6 for additional information on the Company's income taxes.

Foreign Currency

The local currency of the Company's foreign operations is considered the functional currency of such operations. All assets and liabilities of the Company's foreign operations are translated into U.S. dollars at period-end exchange rates. Income and expense items are translated at average exchange rates prevailing during the period. Translation adjustments are accumulated as a separate component of stockholders' equity. Foreign currency translation gains and losses are reported in the consolidated statements of comprehensive income (loss). Foreign currency transaction gains and losses are reported in the consolidated statements of income (loss).

Financial Instruments

Financial instruments consist of cash and cash equivalents, restricted cash, accounts and notes receivable, long-term contract receivables, accounts payable, accrued expenses, capital lease assets and liabilities, contingent considerations, short- and long-term, borrowings interest rate swaps, and commodity swaps. Because of their short maturity, the carrying amounts of cash and cash equivalents, restricted cash, accounts and notes receivable, accounts payable, accrued expenses, contingent considerations, and short-term borrowings approximate fair value.

Fair Value Measurements

The Company follows the guidance related to fair value measurements for all of its non-financial assets and non-financial liabilities, except for those recognized at fair value in the financial statements at least annually. These assets include goodwill and long-lived assets measured at fair value for impairment assessments, and non-financial assets and liabilities initially measured at fair value in a business combination.

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts and notes receivable, long-term contract receivables, interest rate swaps, commodity swaps, accounts payable, accrued expenses, capital lease assets and liabilities, contingent considerations, and short-term and long-term borrowings. Because of their short maturity, the carrying amounts of cash and cash equivalents, restricted cash, accounts and notes receivable, accounts payable, accrued expenses, contingent considerations, and short-term borrowings approximate fair value. The carrying value of long-term variable-rate debt approximates fair value. Fair value of the Company's debt is based on quoted market prices or on rates available to the Company for debt with similar terms and maturities, which are level two inputs of the fair value hierarchy, as defined in Note 8.

The Company accounts for its interest rate and commodity swaps as derivative financial instruments in accordance with the related guidance. Under this guidance, derivatives are carried on the Company's consolidated balance sheets at fair value. The fair value of the Company's interest rate swaps are determined based on observable market data in combination with expected cash flows for each instrument.

See Note 8 for additional information related to fair value measurements.

Stock-Based Compensation Expense

Stock-based compensation expense results from the issuance of shares of restricted common stock and grants of stock options to employees, directors, outside consultants and others. The Company recognizes the costs associated with restricted stock option grants, and employee stock purchases made via the Company's Employee Stock Purchase Plan (the "ESPP") using the fair value recognition provisions of accounting standards codification ("ASC") 718, *Compensation - Stock Compensation* ("ASC 718") on a straight-line basis over the vesting period of the awards. Certain option grants have performance conditions that must be achieved prior to vesting and are expensed based on the expected achievement at each reporting period. Stock-based compensation expense is also recognized in association with employee stock purchases related to the Company's employee stock purchase plan.

Stock-based compensation expense is recognized based on the grant-date fair value. The Company estimates the fair value of the stock-based awards, including stock options, using the Black-Scholes option-pricing model. Determining the fair value of stock-based awards requires the use of highly subjective assumptions, including the fair value of the common stock underlying the award, the expected term of the award and expected stock price volatility.

The assumptions used in determining the fair value of stock-based awards represent management's estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors change, and different assumptions are employed, the stock-based compensation could be materially different in the future. The risk-free interest rates are based on the U.S. Treasury yield curve in effect at the time of grant, with maturities approximating the expected life of the stock options.

The Company has no history of paying dividends. Additionally, as of each of the grant dates, there was no expectation that the Company would pay dividends over the expected life of the options. The expected life of the awards is estimated using historical data and management's expectations. The Company uses historical volatility as the expected volatility assumption required in the Black-Scholes model.

The Company is required to recognize compensation expense for only the portion of options that are expected to vest. If there are any modifications or cancellations of the underlying invested securities or the terms of the stock option, it may be necessary to accelerate, increase or cancel any remaining unamortized stock-based compensation expense. As a result of the adoption of ASU 2016-09 during Fiscal 2017, no significant changes were made to the Company's accounting for forfeitures. After this adoption the Company recorded a $4,000 deferred tax asset and corresponding credit to retained earnings for excess tax benefits that had not previously been recognized because the related tax deductions had not reduced taxes payable.

For the three months ended June 30, 2018 and 2017, the Company recorded stock-based compensation expense, including expense related to the ESPP, of $392 and $307, respectively, in connection with the stock-based payment awards. For the six months ended June 30, 2018 and 2017, the stock-based compensation expense was $747 and $650, respectively. The compensation expense is allocated between cost of revenues and selling, general and administrative expenses in the accompanying consolidated statements of income (loss) based on the salaries and work assignments of the employees holding the options. As of June 30, 2018, there was $3,478 of unrecognized compensation expense related to non-vested stock option awards that is expected to be recognized over a weighted-average period of 2.3 years.

The Company also accounts for equity instruments issued to non-employee directors and consultants at fair value. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the date on which the counterparty's performance is complete. No awards to individuals who were not either an employee or director of the Company occurred during the six months ended June 30, 2018 or during the year ended December 31, 2017.

Share Repurchase Program

In April 2016, the Company's Board of Directors authorized the repurchase of up to $10,000 of the Company's Class A common stock from time to time on the open market in privately negotiated transactions. In February 2017, the Company's Board of Directors authorized an increase in the Company's share repurchase authorization to $15,000 of the Company's Class A common stock from time to time on the open market or in privately negotiated transactions. The timing and amount of any shares repurchased will be determined by the Company's management based on its evaluation of market conditions and other factors. Any repurchased shares will be available for use in connection with its stock plans and for other corporate purposes. The repurchase program will be funded using the Company's working capital and borrowings under its revolving line of credit. The Company accounts for share repurchases using the cost method. Under this method, the cost of the share repurchase is recorded entirely in treasury stock, a contra equity account. During the three months ended June 30, 2018, the Company repurchased 100 shares of common stock in the amount of $1. During the six months ended June 30, 2018, the Company repurchased 212,231 shares of common stock in the amount of $1,772, including fees of $9. During the year ended December 31, 2017, the Company repurchased 574,848 shares of common stock in the amount of $3,412, including fees of $23.

Derivative Financial Instruments

In the normal course of business, the Company utilizes derivatives contracts as part of its risk management strategy to manage exposure to market fluctuations in interest and commodity rates. These instruments are subject to various credit and market risks. Controls and monitoring procedures for these instruments have been established and are routinely reevaluated. Credit risk represents the potential loss that may occur because a party to a transaction fails to perform according to the terms of the contract. The measure of credit exposure is the replacement cost of contracts with a positive fair value. The Company seeks to manage credit risk by entering into financial instrument transactions only through counterparties that the Company believes to be creditworthy.

Market risk represents the potential loss due to the decrease in the value of a financial instrument caused primarily by changes in interest rates and commodity prices and rates. The Company seeks to manage market risk by establishing and monitoring limits on the types and degree of risk that may be undertaken. As a matter of policy, the Company does not use derivatives for speculative purposes. The Company considers the use of derivatives with all financing transactions to mitigate risk.

The Company recognizes cash flows from derivative instruments as operating activities in the consolidated statements of cash flows. The effective portion of changes in fair value on interest rate swaps designated as cash flow hedges are recognized in the Company's consolidated statements of comprehensive income (loss). The ineffective portion of changes in fair value on interest rate swaps designated as hedges and changes in fair value on interest rate swaps not designated as hedges are recognized in the Company's consolidated statements of income (loss).

See Notes 8 and 9 for additional information on the Company's derivative instruments.

(in thousands, except share and per share amounts)

Earnings Per Share

Basic earnings per share is calculated using the Company's weighted-average outstanding common shares, including vested restricted shares. When the effects are not anti-dilutive, diluted earnings per share is calculated using the weighted-average outstanding common shares; the dilutive effect of convertible preferred stock, under the "if converted" method; and the treasury stock method with regard to warrants and stock options; all as determined under the treasury stock method.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income attributable to common shareholders	$ 8,702	$ 5,831	$ 15,690	$ 5,187
Basic weighted-average shares outstanding	45,470,000	45,463,000	45,469,000	45,488,000
Effect of dilutive securities:				
Stock options	936,000	212,000	803,000	113,000
Diluted weighted-average shares outstanding	46,406,000	45,675,000	46,272,000	45,601,000

For the three months ended June 30, 2018 and 2017, the total number of shares of common stock related to stock options excluded from the calculation of dilutive shares, as the effect would be anti-dilutive, were 1,330,000 and 2,641,897. For the six months ended June 30, 2018 and 2017, the total number of shares of common stock related to stock options excluded from the calculation of dilutive shares, as the effect would be anti-dilutive, were 1,515,000 and 2,749,102.

Variable Interest Entities

Certain contracts are executed jointly through partnership and joint venture arrangements with unrelated third parties. The arrangements are often formed for the single business purpose of executing a specific project and allow the Company to share risks and/or secure specialty skills required for project execution.

The Company evaluates each partnership and joint venture at inception to determine if it qualifies as a VIE under ASC 810, *Consolidation*. A variable interest entity is an entity used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors who are not required to provide sufficient financial resources for the entity to support its activities without additional subordinated financial support. Upon the occurrence of certain events outlined in ASC 810, the Company reassesses its initial determination of whether the partnership or joint venture is a VIE.

The Company also evaluates whether it is the primary beneficiary of each VIE and consolidates the VIE if the Company has both (a) the power to direct the economically significant activities of the entity and (b) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to the VIE. The Company considers the contractual agreements that define the ownership structure, distribution of profits and losses, risks, responsibilities, indebtedness, voting rights and board representation of the respective parties in determining whether it qualifies as the primary beneficiary. The Company also considers all parties that have direct or implicit variable interests when determining whether it is the primary beneficiary. When the Company is determined to be the primary beneficiary, the VIE is consolidated. As required by ASC 810, management's assessment of whether the Company is the primary beneficiary of a VIE is continuously performed. See Note 10 for additional disclosures.

Redeemable Non-Controlling Interests

In September 2015, the Company formed an investment fund with a third party investor which granted the investor ownership interests in the net assets of certain of the Company's renewable energy project subsidiaries. In June 2017, the Company formed a second investment fund with a third party investor which granted the investor ownership interests in the net assets of certain of the Company's renewable energy project subsidiaries. In June 2018, the Company formed a third investment fund with a third party investor which granted the investor ownership interests in the net assets of certain of the Company's renewable energy project subsidiaries. The Company entered into these agreements in order to finance the costs of constructing energy assets which are under long-term customer contracts. The Company has determined that these entities qualify as VIEs and that it is the primary beneficiary in the operational partnerships for accounting purposes. Accordingly, the Company will consolidate the assets and liabilities and operating results of the entities in its consolidated financial statements. The Company will recognize the investors' share of the net assets of the subsidiaries as redeemable non-controlling interests in its consolidated balance sheet.

The Company has determined that the provisions in the contractual arrangements represent substantive profit-sharing arrangements. The Company has further determined that the appropriate methodology for attributing income and loss to the redeemable non-controlling interests each period is a balance sheet approach referred to as the hypothetical liquidation at book value (“HLBV”) method. Under the HLBV method, the amounts of income and loss attributed to the redeemable non-controlling interests in the consolidated statements of income (loss) reflect changes in the amounts the investors would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual agreements, assuming the net assets of this funding structure were liquidated at recorded amounts. The investors’ non-controlling interest in the results of operations of this funding structure is determined as the difference in the non-controlling interest’s claim under the HLBV method at the start and end of each reporting period, after taking into account any capital transactions, such as contributions or distributions, between the Company’s subsidiaries and the investors. The use of the HLBV methodology to allocate income to the redeemable non-controlling interest holders may create volatility in the Company’s consolidated statements of income (loss) as the application of HLBV can drive changes in net income available and loss attributable to the redeemable non-controlling interests from quarter to quarter.

The Company classified the non-controlling interests with redemption features that are not solely within the control of the Company outside of permanent equity on its consolidated balance sheets. The redeemable non-controlling interests will be reported using the greater of their carrying value at each reporting date as determined by the HLBV method or the estimated redemption values in each reporting period.

See Note 11 for additional disclosures.

Recent Accounting Pronouncements

Derivatives and Hedging

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, which improves the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. ASU 2017-12 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact ASU 2017-12 will have on its consolidated financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities 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. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The new guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach. The Company will adopt the guidance in the first quarter of 2019, electing to adopt the guidance using the modified retrospective approach. The Company is in the process of its preliminary evaluation, and assessing the impact on the consolidated financial statements, with an anticipated completion date of December 31, 2018.

Stock Based Compensation Expense

In May 2017, the FASB issued ASU No. 2017-09, Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting. This new guidance amends the scope of modification accounting for share-based payment awards. ASU 2017-09 provide guidance on the types of changes to the terms or conditions of share-based payment awards to which an entity would be required to apply modification accounting under ASC 718. ASU 2017-09 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The Company adopted these requirements on January 1, 2018. The adoption had no impact on the Company’s consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, which expands the scope of current stock compensation recognition standards to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 will become effective for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than an entity's adoption date of ASU 2014-09 (Topic 606), which the Company adopted on January 1,

2018. The Company adopted ASU 2018-07 during the second quarter of 2018. The adoption had little to no impact on the Company's consolidated financial statements, as the Company currently has not issued share-payments to non-employees.

Consolidated Statements of Cash Flow

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 eliminates diversity in practice in how certain cash receipts and cash payments are presented and classified in the consolidated statements of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The Company adopted these requirements on January 1, 2018. The adoption had no impact on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 23), Restricted Cash. ASU 2016-18 requires restricted cash and cash equivalents to be included with cash and cash equivalents on the statement of cash flows. ASU 2016-18 is effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The guidance should be applied using a retrospective transition method for each period presented. The Company has adopted this guidance as of January 1, 2018 and the consolidated statement of cash flow has been prepared to conform with ASU 2016-18 for all periods presented.

Accumulated Other Comprehensive Income

In February 2018, the Financial Accounting Standard Board ("FASB") issued ASU 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220) – Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, to allow entities to reclassify the income tax effects of tax reform legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act") on items within accumulated other comprehensive income to retained earnings. ASU 2018-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2018, and early adoption is permitted. The Company is currently evaluating the impact ASU 2018-02 on its consolidated financial statements.

Business Combinations

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which provides guidance to entities to assist with evaluating when a set of transferred assets and activities (collectively, the "set") is a business and provides a screen to determine when a set is not a business. Under the new guidance, when substantially all of the fair value of gross assets acquired (or disposed of) is concentrated in a single identifiable asset, or group of similar assets, the assets acquired would not represent a business. Also, to be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to produce outputs. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, and should be applied on a prospective basis to any transactions occurring within the period of adoption. Early adoption is permitted for interim or annual periods in which the financial statements have not been issued. The Company adopted the guidance effective January 1, 2018, and its adoption did not have a significant impact on the Company's financial position or financial statement disclosures.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Adoption

On January 1, 2018, the Company adopted ASU 2014-09, "Revenue from Contracts with Customers," (Topic 606) using the modified retrospective method applied to those contracts which were not completed as of December 31, 2017. Results for reporting periods beginning January 1, 2018 are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The Company recorded a net decrease to beginning retained earnings of $4,454 on January 1, 2018 due to the cumulative impact of adopting Topic 606, as detailed below.

(in thousands)	January 1, 2018 As Reported	606 Adjustments	Adjusted Balances
Assets:			
Costs and estimated earnings in excess of billings	$ 104,852	$ (9,194)	$ 95,658
Prepaid expenses and other current assets	14,037	4,343	18,380
Deferred income taxes, net	—	1,003	1,003
Liabilities:			
Accrued expenses and other current liabilities	23,260	1,190	24,450
Deferred income taxes, net	584	(584)	—
Shareholders' Equity:			
Retained earnings	235,844	(4,454)	231,390

In accordance with Topic 606, the disclosure of the impact of adoption to the Company's condensed consolidated statements of income (loss) and balance sheets was as follows:

Impact of changes in accounting policies

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
(in thousands, except per share amounts)	As Reported	Balances without adoption of Topic 606	Effect of Change Higher/(Lower)	As Reported	Balances without adoption of Topic 606	Effect of Change Higher/(Lower)
Revenues	$ 196,982	$ 194,698	$ 2,284	$ 364,392	$ 362,937	$ 1,455
Cost of revenues	154,206	150,336	3,870	286,143	284,497	1,646
Gross profit	42,776	44,362	(1,586)	78,249	78,440	(191)
Operating expenses:						
Selling, general and administrative expenses	28,801	28,801	—	56,005	56,005	—
Operating income	13,975	15,561	(1,586)	22,244	22,435	(191)
Other expenses, net	3,966	3,966	—	7,510	7,510	—
Income before benefit for income taxes	10,009	11,595	(1,586)	14,734	14,925	(191)
Income tax (benefit) provision	1,307	1,641	(334)	(1,472)	(1,453)	(19)
Net income	8,702	9,954	(1,252)	16,206	16,378	(172)
Net (income) attributable to redeemable non-controlling interests	—	—	—	(516)	(516)	—
Net income attributable to common shareholders	$ 8,702	$ 9,954	$ (1,252)	$ 15,690	$ 15,862	$ (172)
Basic income per share	$ 0.19	$ 0.22	$ (0.03)	$ 0.35	$ 0.35	$ —
Diluted income per share	$ 0.19	$ 0.21	$ (0.02)	$ 0.34	$ 0.34	$ —

	June 30, 2018		
(in thousands)	**As Reported**	**Balances without adoption of Topic 606**	**Effect of Change Higher/(Lower)**
Assets:			
Costs and estimated earnings in excess of billings	$ 64,656	$ 72,397	$ (7,741)
Prepaid expenses and other current assets	14,853	11,798	3,055
Liabilities:			
Accrued expenses and other current liabilities	22,800	21,252	1,548
Deferred income taxes, net	8,505	10,112	(1,607)
Shareholders' Equity:			
Retained earnings	247,080	251,707	(4,627)

The impact in revenue recognition due to the adoption of Topic 606 is primarily from the timing of revenue recognition for uninstalled materials, amortization of contract acquisition costs over the contract term, and timing of revenue recognition from renewable energy credits. Refer to Note 2 *Summary of Significant Accounting Policies* for a summary of the Company's significant policies for revenue recognition.

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Disaggregation of Revenue

The following table provides information about disaggregated revenue by line of business, reportable segments, and geographical region for the three and six months ended June 30, 2018.

	US Regions	U.S. Federal	Canada	Non-Solar DG	All Other	Total
Line of Business						
Three Months Ended June 30, 2018						
Project revenue	$ 80,877	$ 47,437	$ 5,317	$ 1,201	$ 4,200	$ 139,032
O&M revenue	4,069	9,566	—	2,258	—	15,893
Energy assets	3,799	1,140	1,017	16,501	335	22,792
Other	33	71	1,624	(39)	17,576	19,265
Total revenues	$ 88,778	$ 58,214	$ 7,958	$ 19,921	$ 22,111	$ 196,982
Six months ended June 30, 2018						
Project revenue	$ 146,317	$ 85,275	$ 12,253	$ 2,100	$ 4,770	$ 250,715
O&M revenue	7,964	18,744	19	4,254	—	30,981
Energy assets	8,780	1,909	1,383	31,615	599	44,286
Other	408	71	3,207	69	34,655	38,410
Total revenues	$ 163,469	$ 105,999	$ 16,862	$ 38,038	$ 40,024	$ 364,392
Geographical Regions						
Three Months Ended June 30, 2018						
United States	$ 88,778	$ 58,214	$ 648	$ 19,921	$ 17,543	$ 185,104
Canada	—	—	7,310	—	173	7,483
Other	—	—	—	—	4,395	4,395
Total revenues	$ 88,778	$ 58,214	$ 7,958	$ 19,921	$ 22,111	$ 196,982
Six months ended June 30, 2018						
United States	$ 163,469	$ 105,999	$ 1,168	$ 38,038	$ 33,891	$ 342,565
Canada	—	—	15,694	—	228	15,922
Other	—	—	—	—	5,905	5,905
Total revenues	$ 163,469	$ 105,999	$ 16,862	$ 38,038	$ 40,024	$ 364,392

Contract Balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	January 1, 2018	June 30, 2018
Accounts receivable, net	$ 85,121	$ 115,596
Accounts receivable retainage, net	17,484	14,669
Contract Assets:		
Costs and estimated earnings in excess of billings	95,658	64,656
Contract Liabilities:		
Billings in excess of cost and estimated earnings	27,248	27,254

Accounts receivable retainage represents amounts due from customers, but where payments are withheld contractually until certain construction milestones are met. Amounts retained typically range from 5% to 10% of the total invoice. The Company classifies as a current asset those retainages that are expected to be billed in the next twelve months. Unbilled revenue, presented as costs and estimated earnings in excess of billings, represent amounts earned and billable that were not invoiced at the end of the fiscal period.

Contract assets represent the Company's rights to consideration in exchange for services transferred to a customer that have not been billed as of the reporting date. The Company's rights to consideration are generally unconditional at the time its performance obligations are satisfied.

At the inception of a contract, the Company expects the period between when it satisfies its performance obligations, and when the customer pays for the services, will be one year or less. As such, the Company has elected to apply the practical expedient which allows the Company to not adjust the promised amount of consideration for the effects of a significant financing component, when a financing component is present.

When the Company receives consideration, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a sales contract, the Company records deferred revenue, which represents a contract liability. Such deferred revenue typically results from billings in excess of costs incurred and advance payments received on project contracts. As of June 30, 2018, the Company classified $7,347 as a non-current liability, included in other liabilities on the consolidated balance sheets, for those performance obligations expected to be completed beyond the next twelve months.

The decrease in contract assets for the six months ended June 30, 2018 was primarily due to billings of approximately $285,321, offset in part by revenue recognized of $236,327. The change in contract liabilities was primarily driven by the receipt of advance payments from customers, and related billings, exceeding reductions from recognition of revenue as performance obligations were satisfied. For the six months ended June 30, 2018, the Company recognized revenue of $60,492, and billed customers $50,119, that was previously included in the beginning balance of contract liabilities. Changes in contract liabilities are also driven by reclassifications to or from contract assets as a result of timing of customer payments.

Contracts are often modified for a change in scope or other requirements. The Company considers contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of the Company's contract modifications are for goods or services that are not distinct from the existing performance obligations. The effect of a contract modification on the transaction price, and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase or decrease) on a cumulative catchup basis.

The Company elected to utilize the modified retrospective transition practical expedient which allows the Company to evaluate the impact of contract modifications as of the adoption date rather than evaluating the impact of the modifications at the time they occurred prior to the adoption date.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in ASC Topic 606. Performance obligations are satisfied as of a point in time or over time and are supported by contracts with customers. For most of the Company's contracts, there are multiple promises of goods or services. Typically, the Company provides a significant service of integrating a complex set of tasks and components such as design, engineering, construction management, and equipment procurement for a project contract. The bundle of goods and services are provided to deliver one output for which the customer has contracted. In these cases, the Company considers the bundle of goods and services to be a single performance obligation. The Company may also promise to provide distinct goods or services within a contract, such as a project contract for installation of energy conservation measures and post-installation O&M services. In these cases the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.

Backlog - The Company's remaining performance obligations (hereafter referred to as "backlog") represent the unrecognized revenue value of the Company's contract commitments. The Company's backlog may vary significantly each reporting period based on the timing of major new contract commitments and the backlog may fluctuate with currency movements. In addition, our customers have the right, under some circumstances, to terminate contracts or defer the timing of the Company's services and their payments to us. At June 30, 2018, the Company had backlog of approximately $1,575,000. Approximately 26%, of our June 30, 2018 backlog is anticipated to be recognized as revenue in the next twelve months and the remaining, thereafter.

The Company has applied the practical expedient for certain revenue streams to exclude the value of remaining performance obligations for (i) contracts with an original expected term of one year or less or (ii) contracts for which the Company recognizes revenue in proportion to the amount it has the right to invoice for services performed.

Contract acquisition costs:

In connection with the adoption of Topic 606, the Company is required to account for certain acquisition cost over the life of the contract, consisting primarily of commissions when paid. Commission costs are incurred commencing at contract signing. Commission costs are allocated across all performance obligations and deferred and amortized over the contract term on a progress towards completion basis.

As of January 1, 2018, the Company capitalized $927 in commission costs related to contracts that were not completed. For contracts that have a duration of less than one year, the Company follows a practical expedient and expenses these costs when incurred. During the three and six months ended June 30, 2018, the amortization of commission costs related to contracts were not material and have been included in the accompanying consolidated statements of income (loss). Additionally, no impairment charges in connection with the Company's commission costs or project development costs were recorded during the period ended June 30, 2018.

The Company analyzed the impact of adoption of Topic 606 on the Company's project development costs and determined no change in the Company's accounting policy was required**.** In the three and six months ended June 30, 2018, $3,570 and $6,010, respectively, of project development costs were recognized in the consolidated statement of income (loss) on projects that converted to customer contracts.

4. BUSINESS ACQUISITIONS AND RELATED TRANSACTIONS

The Company accounts for acquisitions using the acquisition method in accordance with ASC 805, Business Combinations. The purchase price for each has been allocated to the assets based on their estimated fair values at the date of each acquisition as set forth in the table below. The excess purchase price over the estimated fair value of the net assets, which are calculated using level 3 inputs per the fair value hierarchy as defined in Note 8, acquired has been recorded as goodwill. Intangible assets, if identified, have been recorded and are being amortized over periods ranging from one to fifteen years. See Note 5 for additional information.

Determining the fair value of certain assets and liabilities assumed is judgmental in nature and often involves the use of significant estimates and assumptions. Certain amounts below are provisional based on our best estimates using information available as of the reporting date. The Company is waiting for information to become available to finalize its valuation of certain elements of this transaction. Specifically, the assigned values for energy assets, intangibles, and goodwill are provisional in nature and subject to change upon the completion of the final valuation of such elements.

In January 2017, the Company acquired two solar PV projects currently under construction as well as associated construction loan agreements with a bank for use in providing non-recourse financing for these acquired solar PV projects currently under construction. The Company paid $2,409 to acquire the assets under construction, and assumed $5,635 of associated non-recourse financing.

During the six months ended June 30, 2018, the Company acquired one solar project for total consideration $20,770, of which $1,307 will be paid upon final completion which the Company expects will be in 2019. The Company also entered into a definitive agreement to acquire another solar project from the same developer. The total consideration for this solar project is $32,900. For both projects, as of June 30, 2018, the Company has paid $32,000 to the developer of the projects. As of June 30, 2018, the $32,000 is included in project assets on the consolidated balance sheet.

During the three months ended June 30, 2018, the Company completed an acquisition with a total purchase price of $2,326, of which, $1,901 has been paid to date. The remaining balance is attributed to a contingent consideration holdback. No debt was assumed or cash acquired in the transaction. The pro forma effects of these acquisitions on our operations were not material.

(in thousands, except share and per share amounts)

A summary of the cumulative consideration paid and the allocation of the purchase price of all of the acquisitions in each respective year is as follows:

	2018	2017
Accounts receivable	$ 353	$ —
Prepaid expenses and other current assets	—	256
Property and equipment and energy assets	20,770	7,788
Intangibles	500	—
Goodwill	1,431	—
Accounts payable	(42)	—
Purchase price	$ 23,096	$ 8,044
Total, net of cash received	$ 23,096	$ 8,044
Debt assumed	$ —	$ 5,635
Total fair value of consideration	$ 23,096	$ 2,409

The results of the acquired assets since the dates of the acquisitions have been included in the Company's operations as presented in the accompanying consolidated statements of income (loss), consolidated statements of comprehensive income (loss) and consolidated statements of cash flows.

During the six months ended June 30, 2018, the Company entered into a definitive agreement to acquire 4 solar projects from another developer. The total consideration for these solar projects is $16,100. To date the Company has paid $3,000 for these projects. As of June 30, 2018, $3,000 is included in project assets on the consolidated balance sheet.

5. GOODWILL AND INTANGIBLE ASSETS

The changes in the carrying value of goodwill attributable to each reportable segment are as follows:

	U.S. Regions	U.S. Federal	Canada	Non-solar DG	Other	Total
Balance, December 31, 2017	$ 24,759	$ 3,375	$ 3,494	$ —	$ 24,507	$ 56,135
Goodwill acquired during the year	—	1,431	—	—	—	1,431
Currency effects	—	—	(157)	—	(141)	(298)
Balance, June 30, 2018	$ 24,759	$ 4,806	$ 3,337	$ —	$ 24,366	$ 57,268
Accumulated Goodwill Impairment Balance, December 31, 2017	$ —	$ —	$ (1,016)	$ —	$ —	$ (1,016)
Accumulated Goodwill Impairment Balance, June 30, 2018	$ —	$ —	$ (1,016)	$ —	$ —	$ (1,016)

The Company completed an acquisition during the three months ended June 30, 2018 which resulted in a $1,431 increase in goodwill.

Since the Company's annual goodwill impairment test there have been no events that would have triggered a need for an interim impairment test.

Separable intangible assets that are not deemed to have indefinite lives are amortized over their useful lives. The Company annually assesses whether a change in the life over which the Company's assets are amortized is necessary, or more frequently if events or circumstances warrant.

Acquired intangible assets other than goodwill that are subject to amortization include customer contracts, customer relationships, non-compete agreements, technology and trade names. Customer contracts are amortized ratably over the period of the acquired customer contracts ranging in periods from approximately one to five years. All other acquired intangible assets are amortized over periods ranging from approximately four to fifteen years, as defined by the nature of the respective intangible asset. The Company completed an acquisition during the three months ended June 30, 2018 which resulted in a $500 increase in customer relationships. This will be amortized over an eight year period.

(in thousands, except share and per share amounts)

The gross carrying amount and accumulated amortization of intangible assets are as follows:

	As of June 30, 2018	As of December 31, 2017
Gross Carrying Amount		
Customer contracts	$ 7,720	$ 7,786
Customer relationships	12,252	11,863
Non-compete agreements	3,038	3,052
Technology	2,728	2,751
Trade names	543	546
	26,281	25,998
Accumulated Amortization		
Customer contracts	7,720	7,786
Customer relationships	9,941	9,557
Non-compete agreements	3,036	3,048
Technology	2,645	2,642
Trade names	525	525
	23,867	23,558
Intangible assets, net	$ 2,414	$ 2,440

Amortization expense related to customer contracts is included in cost of revenues in the consolidated statements of income (loss). Amortization expense related to all other acquired intangible assets is included in selling, general and administrative expenses in the consolidated statements of income (loss). Amortization expense for the three months ended June 30, 2018 and 2017 related to customer contracts was $0 and $8, respectively. Amortization expense for the six months ended June 30, 2018 and 2017 related to customer contracts was $0 and $15, respectively. Amortization expense for the three months ended June 30, 2018 and 2017 related to all other acquired intangible assets was $249 and $328, respectively. Amortization expense for the six months ended June 30, 2018 and 2017 related to all other acquired intangible assets was $502 and $701, respectively.

6. INCOME TAXES

The provision for income taxes was $1,307 and $1,060 for the three months ended June 30, 2018 and 2017, respectively. The provision (benefit) for income taxes was $(1,472) and $415 for the six months ended June 30, 2018 and 2017, respectively. The estimated 2018 effective tax rate is 13.1% for the three months ended June 30, 2018 compared to a 15.1% estimated annual effective tax rate for the three months ended June 30, 2017. The estimated 2018 effective tax rate was (10.0)% for six months ended June 30, 2018 compared to a 9% estimated annual effective tax rate for the six months ended June 30, 2017.

The principal reason for the difference between the statutory rate and the estimated annual effective rate for 2018 were the effects of a $4,600 benefit of the 2017 Section 179D deduction, which was extended in February 2018 and treated as a discrete event in the year to date period, and the use of investment tax credits to which the Company is entitled from owned plants. The principal reason for the difference between the statutory rate and the estimated annual effective rate for 2017 were the effects of investment tax credits to which the Company is entitled from owned plants.

The investment tax credits and production tax credits to which the Company may be entitled fluctuate from year to year based on the cost of the renewable energy plants the Company places or expects to place in service and production levels at company owned facilities in that year. As part of the Bipartisan Budget Act signed into law on February 9, 2018 the Section 179D deduction for 2017 was retroactively extended. The Section 179D deduction expired on December 31, 2017.

(in thousands, except share and per share amounts)

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	Gross Unrecognized Tax Benefits
Balance, December 31, 2017	$ 600
Additions for prior year tax positions	—
Settlements with tax authorities	—
Reductions of prior year tax positions	—
Balance, June 30, 2018	$ 600

At June 30, 2018 and December 31, 2017, the Company had approximately $600 of total gross unrecognized tax benefits. At June 30, 2018 and December 31, 2017, the Company had approximately $80 of total gross unrecognized tax benefits (net of the federal benefit on state amounts) representing the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods.

The 2017 Tax Cuts and Jobs Act (the "2017 Tax Act") was signed into law on December 22, 2017. The 2017 Tax Act significantly revises the U.S. corporate income tax by, among other things, lowering the statutory corporate tax rate from 35% to 21%. The 2017 Tax Act also enhanced and extended through 2026 the option to claim accelerated depreciation deductions on qualified property.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Legislation. The Company has recognized the provisional tax impacts related to the revaluation of deferred tax assets and liabilities and included these amounts in its consolidated financial statements for the year ended December 31, 2017. As of December 31, 2017, the Company has substantially completed its accounting for the tax effects of the 2017 Tax Act. If revisions are needed as new information becomes available, the final determination of the deemed re-measurement of the Company's deferred assets and liabilities, the deemed mandatory repatriation or other applicable provisions of the Tax Legislation will be completed as additional information becomes available, but no later than one year from the enactment of the 2017 Tax Act.

7. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company also is involved in a variety of claims and other legal proceedings generally incidental to its normal business activities. While the outcome of any of these proceedings cannot be accurately predicted, the Company does not believe the ultimate resolution of any of these existing matters would have a material adverse effect on its financial condition or results of operations.

Commitments as a Result of Acquisitions

Related to the Company's acquisition of EEX in the second quarter of 2014, the former owners of EEX (See note 4), who are now employees of the Company, may be entitled to receive up to 4,500 GBP ($5,941 converted as of June 30, 2018) in additional consideration, accounted for as compensation for post-combination services, if the acquired business meets certain financial performance milestones through December 31, 2018. No amounts were accrued as of June 30, 2018 and December 31, 2017, respectively, as milestones are not considered likely to be achieved.

During the three months ended June 30, 2018, the Company completed an acquisition which provided for a $425 cash consideration holdback contingent upon the Company collecting certain acquired receivables. The contingent consideration will be paid fifteen months from the completion of the acquisition and is recorded in the other liabilities line on the consolidated balance sheets.

(in thousands, except share and per share amounts)

8. FAIR VALUE MEASUREMENT

The Company recognizes its financial assets and liabilities at fair value on a recurring basis (at least annually). Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Three levels of inputs that may be used to measure fair value are as follows:

Level 1: Inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2: Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following table presents the input level used to determine the fair values of the Company's financial instruments measured at fair value on a recurring basis:

		Fair Value as of	
	Level	June 30, 2018	December 31, 2017
Assets:			
Interest rate swap instruments	2	$ 1,298	$ 233
Commodity swap instruments	2	21	—
Total assets		$ 1,319	$ 233
Liabilities:			
Interest rate swap instruments	2	$ 2,414	$ 3,529
Commodity swap instruments	2	66	—
Total liabilities		$ 2,480	$ 3,529

The fair value of the Company's interest rate swaps was determined using a cash flow analysis on the expected cash flow of the contract in combination with observable market-based inputs, including interest rate curves and implied volatilities. As part of this valuation, the Company considered the credit ratings of the counterparties to the interest rate swaps to determine if a credit risk adjustment was required.

The fair value of the Company's commodity swaps was determined using a cash flow analysis on the expected cash flow of the contract in combination with observable forward price inputs obtained from a third-party pricing source. As part of this valuation, the Company considered the credit ratings of the counterparties to the commodity swaps to determine if a credit risk adjustment was required.

The fair value of financial instruments is determined by reference to observable market data and other valuation techniques, as appropriate. At June 30, 2018 and December 31, 2017 the fair value of the Company's long-term debt was estimated using discounted cash flows analysis, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements which are considered to be level two inputs. There have been no transfers in or out of level two for the six months ended June 30, 2018 and the year ended December 31, 2017. Based on the analysis performed, the fair value and the carrying value of the Company's long-term debt, excluding capital leases, are as follows:

	As of June 30, 2018		As of December 31, 2017	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt value (Level 2)	$ 214,553	$ 214,508	$ 160,108	$ 160,598

(in thousands, except share and per share amounts)

The Company is also required periodically to measure certain other assets at fair value on a nonrecurring basis, including long-lived assets, goodwill and other intangible assets, among other items. There were no assets recorded at fair value on a non-recurring basis at June 30, 2018 or December 31, 2017.

9. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

At June 30, 2018 and December 31, 2017, the following table presents information about the fair value amounts of the Company's derivative instruments is as follows:

	Derivatives as of					
	June 30, 2018			December 31, 2017		
	Balance Sheet Location		Fair Value	Balance Sheet Location		Fair Value
Derivatives Designated as Hedging Instruments:						
Interest rate swap contracts	Other assets	$	1,251	Other assets	$	233
Interest rate swap contracts	Other liabilities	$	2,162	Other liabilities	$	3,529
Derivatives Not Designated as Hedging Instruments:						
Interest rate swap contracts	Other assets	$	47	Other assets	$	—
Interest rate swap contracts	Other liabilities	$	252	Other liabilities	$	—
Commodity swap contracts	Other assets	$	21	Other assets	$	—
Commodity swap contracts	Other liabilities	$	66	Other liabilities	$	—

All but five of the Company's derivatives were designated as hedging instruments as of June 30, 2018 and all but one of the Company's derivatives were designated as hedging instruments as of December 31, 2017.

The following tables present information about the effects of the Company's derivative instruments on the consolidated statements of income (loss) and consolidated statements of comprehensive income (loss):

	Location of Gain Recognized in Net Income (Loss)	Amount of Gain Recognized in Net Income (Loss)							
		Three Months Ended June 30,				Six Months Ended June 30,			
		2018		2017		2018		2017	
Derivatives Designated as Hedging Instruments:									
Interest rate swap contracts	Other expenses, net	$	(31)	$	(55)	$	(133)	$	(178)
Derivatives not Designated as Hedging Instruments:									
Interest rate swap contracts	Other expenses, net	$	(61)	$	—	$	(73)	$	—
Commodity swap contracts	Other expenses, net	$	45	$	—	$	45	$	—

	Six Months Ended June 30, 2018	
Derivatives Designated as Hedging Instruments:		
Accumulated loss in AOCI at the beginning of the period	$	(1,745)
Unrealized gain recognized in AOCI		1,689
Gain reclassified from AOCI to other expenses, net		(125)
Accumulated loss in AOCI at the end of the period	$	(181)

Interest Rate Swaps

In March 2010, the Company entered into a fourteen-year interest rate swap contract under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swap covers an initial notional amount of approximately $27,900 variable rate note at a fixed interest rate of 3.74% and expires in December 2024. This swap was designated as a hedge in March 2013. During the second quarter of 2014, this swap was de-designated and re-designated as a hedge as a result of a partial pay down of the associated hedged debt principal. As a result $566 was reclassified from accumulated other comprehensive loss and recorded as a reduction to other expenses, net in the Company's consolidated statements of income (loss) during the second quarter of 2014. During the second quarter 2018, this swap was de-designated hedge as a result of the expected pay down of the associated hedged debt principal. As a result, $34 was reclassified from accumulated other comprehensive loss and recorded to other expenses, net in the Company's consolidated statements of income (loss) during the six months ended June 30, 2018.

In June 2018, the company entered into a fifteen-year interest rate swap contract under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional amount, and to in return receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swap covers an initial notional amount of $10,000 variable rate note at a fixed rate of 3.19%, with an effective date of June 2018 and expires in June 2033. This interest swap has been designated as a hedging instrument.

In February 2018, the Company entered into a three-year interest rate swap contract under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swap covers an initial notional amount of$17,100 at a fixed interest rate of 2.45% with an effective date of March 29, 2018, and expires in December 2020. This interest swap is not designated as a hedging instrument.

Commodity Swaps

In March 2018, the company entered into a one-year commodity swap contract under which the Company agreed to pay an amount equal to a specified fixed rate for natural gas times a notional volume amount, and to in turn receive an amount equal to a specified variable rate for natural gas times the same notional volume amount. The swap covers an initial notional volume amount of 323,390 million British thermal units, ("MMBtus") of natural gas at a fixed rate of $2.84 per MMBtu, with an effective date of May 2018 and expires in April 2019. This commodity swap is not designated as a hedging instrument.

In April 2018, the company entered into a one-year commodity swap contract under which the Company agreed to pay an amount equal to a specified fixed rate for natural gas times a notional volume amount, and to in turn receive an amount equal to a specified variable rate for natural gas times the same notional volume amount. The swap covers an initial notional volume amount of 437,004 MMBtus of natural gas at a fixed rate of $2.68 per MMBtu, with an effective date of May 2019 and expires in April 2020. This commodity swap is not designated as a hedging instrument.

In April 2018, the company entered into a one-year commodity swap contract under which the Company agreed to pay an amount equal to a specified fixed rate for natural gas times a notional volume amount, and to in turn receive an amount equal to a specified variable rate for natural gas times the same notional volume amount. The swap covers an initial notional volume amount of 435,810 MMBtus of natural gas at a fixed rate of $2.70 per MMBtu, with an effective date of May 2020 and expires in April 2021. This commodity swap is not designated as a hedging instrument.

10. INVESTMENT FUNDS

During the third quarter of 2015, the Company formed an investment fund for the purpose of funding the purchase of a solar energy system. During the second quarter of 2017, the Company formed an additional investment fund for the purpose of funding the purchase of a solar energy system. During the second quarter of 2018, the Company formed an additional investment fund for the purpose of funding the purchase of a solar energy systems. The Company consolidates the investment funds, and all inter-company balances and transactions between the Company and the investment funds are eliminated in its consolidated financial statements. The Company determined that the investment funds meet the definition of a VIE. The Company uses a qualitative approach in assessing the consolidation requirement for VIEs that focuses on determining whether the Company has the power to direct the activities of the VIE that most significantly affect the VIE's economic performance and whether the Company has the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

The Company has considered the provisions within the contractual arrangements that grant it power to manage and make decisions that affect the operation of these VIEs, including determining the solar energy systems and associated long term customer contracts to be sold or contributed to the VIEs, and installation, operation and maintenance of the solar energy systems. The Company considers that the rights granted to the other investors under the contractual arrangements are more protective in nature rather than participating rights. As such, the Company has determined it is the primary beneficiary of the VIEs for all periods presented. The Company evaluates its relationships with VIEs on an ongoing basis to ensure that it continues to be the primary beneficiary.

(in thousands, except share and per share amounts)

Under the related agreements, cash distributions of income and other receipts by the funds, net of agreed-upon expenses and estimated expenses, tax benefits and detriments of income and loss, and tax benefits of tax credits, are assigned to the funds' investors and Company's subsidiaries as specified in contractual arrangements. Certain of these arrangements have call and put options to acquire the investors' equity interest as specified in the contractual agreements.

A summary of amounts related to the investment funds in the Company's consolidated balance sheets is as follows:

	June 30, 2018	December 31, 2017
Cash	$ 763	$ 444
Restricted cash	1,623	1,553
Accounts receivable	448	328
Costs and estimated earnings in excess of billings	539	360
Prepaid expenses and other current assets	140	8
Energy assets, net	73,401	55,712
Accounts payable	181	764
Accrued liabilities	19	74
Other liabilities	86	75
Long term debt, net deferred finance fees	10,882	—

11. NON-CONTROLLING INTERESTS

Redeemable Non-controlling Interests

The Company's wholly owned subsidiary with a membership interest in the investment fund formed in the third quarter of 2015 has the right, beginning on the fifth anniversary of the final funding of the variable rate construction and term loans due 2023 and extending for six months, to elect to require the non-controlling interest holder to sell all of its membership units to the Company's wholly owned subsidiary, a call option. The Company's investment fund formed in the third quarter of 2015 also includes a right, beginning on the sixth anniversary of the final funding and extending for one year, for the non-controlling interest holder to elect to require the Company's wholly owned subsidiary to purchase all of its membership interests in the fund, a put option.

The Company's wholly owned subsidiary with a membership interest in the investment fund formed in the second quarter of 2017 has the right, beginning on the fifth anniversary of the final funding of the non-controlling interest holder and extending for six months, to elect to require the non-controlling interest holder to sell all of its membership units to the Company's wholly owned subsidiary, a call option. The Company's investment fund formed in the second quarter of 2017 also includes a right, beginning on the sixth anniversary of the final funding and extending for one year, for the non-controlling interest holder to elect to require the Company's wholly owned subsidiary to purchase all of its membership interests in the fund, a put option.

The Company's wholly owned subsidiary with a membership interest in the investment fund formed in the second quarter of 2018 has the right, beginning on the fifth anniversary of the final funding of the non-controlling interest holder and extending for six months, to elect to require the non-controlling interest holder to sell all of its membership units to the Company's wholly owned subsidiary, a call option. The Company's investment fund formed in the second quarter of 2018 also includes a right, beginning on the sixth anniversary of the final funding and extending for one year, for the non-controlling interest holder to elect to require the Company's wholly owned subsidiary to purchase all of its membership interests in the fund, a put option.

The purchase price for the funds investors' interests under the call options is equal to the fair market value of such interest at the time the option is exercised. The call options are exercisable beginning on the date that specified conditions are met for each respective fund. None of the call options are expected to become exercisable prior to 2021.

The purchase price for the funds investors' interests in the investment funds under the put options is the lessor of fair market value at the time the option is exercised and a specified amount, ranging from $544 - $917. The put options for these investment funds are exercisable beginning on the date that specified conditions are met for each respective fund. The put options are not expected to become exercisable prior to 2022.

Because the put options represents redemption features that are not solely within the control of the Company, the non-controlling interests in these funds are presented outside of permanent equity. Redeemable non-controlling interests are reported using the greater of their carrying value at each reporting date (which is impacted by attribution under the HLBV method) or their estimated redemption value in each reporting period. At both June 30, 2018 and December 31, 2017 redeemable non-controlling interests were reported at their carrying value totaling $12,322 and $10,338, respectively, as the carrying value at each reporting period was greater than the estimated redemption value.

12. BUSINESS SEGMENT INFORMATION

The Company reports results under ASC 280, *Segment Reporting.* The Company's reportable segments are U.S. Regions, U.S. Federal, Canada and Non-Solar Distributed Generation ("DG"). The Company's U.S. Regions, U.S. Federal and Canada segments offer energy efficiency products and services, which include the design, engineering and installation of equipment and other measures to improve the efficiency and control the operation of a facility's energy infrastructure, renewable energy solutions and services, which include the construction of small-scale plants that the company owns or develops for customers that produce electricity, gas, heat or cooling from renewable sources of energy and O&M services. The Company's Non-Solar DG segment sells electricity, processed renewable gas fuel, heat or cooling, produced from renewable sources of energy, other than solar, and generated by small-scale plants that the Company owns and O&M services for customer owned small-scale plants. As of the fourth quarter of 2017, the Company's U.S. Regions segment now includes certain small-scale solar grid-tie plants developed for customers previously included in our Non-Solar DG segment. Previously reported amounts have been restated for comparative purposes. The "All Other" category offers enterprise energy management services, consulting services and the sale of solar-PV energy products and systems which we refer to as integrated-PV. These segments do not include results of other activities, such as corporate operating expenses not specifically allocated to the segments. Certain reportable segments are an aggregation of operating segments. The accounting policies are the same as those described in the summary of significant accounting policies in Note 2. During 2017, the Company included in unallocated corporate activity $1,001 as a reserve for a customer who declared bankruptcy. For the three and six months ended June 30, 2018, the Company has not recorded any additional reserve.

The reports of the Company's chief operating decision maker do not include assets at the operating segment level.

(in thousands, except share and per share amounts)

An analysis of the Company's business segment information and reconciliation to the condensed consolidated financial statements is as follows:

	U.S. Regions	U.S. Federal		Canada	Non-Solar DG	All Other	Total Consolidated
Three Months Ended June 30, 2018							
Revenues	$ 88,778	$ 58,214		$ 7,958	$ 19,921	$ 22,111	$ 196,982
Interest income	2	28		—	47	—	77
Interest expense	1,031	247		477	1,467	13	3,235
Depreciation and amortization of intangible assets	1,377	661		290	4,348	377	7,053
Unallocated corporate activity	—	—		—	—	—	(7,751)
Income (loss) before taxes, excluding unallocated corporate activity	4,732	10,078		(285)	2,335	900	17,760
Three Months Ended June 30, 2017							
Revenues	$ 64,834	$ 59,106	8,991	$ 8,991	$ 15,210	$ 18,524	$ 166,665
Interest income	—	9		—	18	—	27
Interest expense	565	266		487	940	13	2,271
Depreciation and amortization of intangible assets	554	654		286	3,733	432	5,659
Unallocated corporate activity	—	—		—	—	—	(7,206)
Income before taxes, excluding unallocated corporate activity	3,456	8,881		614	859	416	14,226
Six Months Ended June 30, 2018							
Revenues	$ 163,469	$ 105,999		$ 16,862	$ 38,038	$ 40,024	$ 364,392
Interest income	3	48		—	82	—	133
Interest expense	2,222	488		961	2,548	13	6,232
Depreciation and amortization of intangible assets	2,707	1,333		579	8,412	756	13,787
Unallocated corporate activity	—	—		—	—	—	(14,620)
Income (loss) before taxes, excluding unallocated corporate activity	9,350	15,895		(2,647)	4,945	1,812	29,355
Six Months Ended June 30, 2017							
Revenues	$ 109,323	$ 107,030		$ 18,492	$ 30,856	$ 35,574	$ 301,275
Interest income	1	15		1	29	—	46
Interest expense	930	533		934	1,697	25	4,119
Depreciation and amortization of intangible assets	1,073	1,307		575	7,541	910	11,406
Unallocated corporate activity	—	—		—	—	—	(14,092)
Income before taxes, excluding unallocated corporate activity	956	14,326		101	2,027	1,313	18,723

(in thousands, except share and per share amounts)

13. LONG-TERM DEBT

Long-term debt comprised the following:

	Rate as of June 30, 2018	June 30, 2018	December 31, 2017
Senior secured credit facility, due June 2020, interest at varying rates monthly in arrears	4.53%	$ 53,029	$ 49,986
Variable rate term loan payable in semi-annual installments through February 2021	4.58%	1,220	1,220
Variable rate term loan payable in semi-annual installments through June 2024	4.08%	8,295	8,295
Variable rate term loan payable in quarterly installments through December 2024	5.58%	8,041	8,757
Term loan payable in quarterly installments through March 2021	7.25%	1,917	2,218
Term loan payable in monthly installments through June 2028	6.11%	4,157	4,551
Variable rate term loan payable in quarterly installments through June 2020	5.58%	31,835	32,711
Variable rate term loan payable in quarterly installments through October 2023	4.83%	17,945	18,346
Term loan payable in quarterly installments through June 2031	4.95%	4,187	4,605
Term loan payable in quarterly installments through February 2034	5.61%	2,920	3,128
Variable rate construction loan payable, due June 2018	7.00%	—	1,721
Term loan payable in quarterly installments through April 2027	4.50%	21,055	13,325
Term loan payable in quarterly installments through March 2028	5.00%	4,156	4,258
Variable rate term loan payable in quarterly installments through December 2027	4.78%	13,475	14,034
Variable rate term loan payable in quarterly installments through August 2022	9.83%	27,536	—
Term loan payable in quarterly installments through December 2038	5.15%	12,345	—
Variable rate term loan payable in semi-annual installments through June 2033	4.38%	9,970	—
Capital leases		34,216	35,013
		$ 256,299	$ 202,168
Less - current maturities		27,451	22,375
Less - deferred financing fees		7,574	6,556
Long-term debt		$ 221,274	$ 173,237

February 2018 Term Loan

In February 2018, the Company entered into a credit agreement for gross proceeds of $28,500, with a bank for use in providing non-recourse financing for a new renewable natural gas energy asset at a rate of 7.5% above LIBOR. Principal and interest amounts are due in quarterly installments. The note matures on August 31, 2022 with all remaining unpaid amounts outstanding under the agreement due at that time. At June 30, 2018, $27,536 was outstanding under the term loan. The interest rate at June 30, 2018 was 9.8340%.

Senior Secured Credit Facility - Revolver and Term Loan

In June 2018, the Company entered into an additional amendment to the Third Amended and Restated bank credit facility. The amendment added SunTrust Robinson Humphrey, Inc as an additional lender, increased the aggregate amount of the revolving commitments from $75,000 to $85,000 through the existing June 30, 2020 end date, increased the term loan from

$25,000 to $46,000 to reduce the outstanding revolving loan balances by the same amount and, for the period of June 30, 2018 through June 30, 2020, increased the Total Funded Debt to EBITDA covenant ratio from a maximum of 2.75 to 3.00. The total commitment under the amended credit facility (revolving credit, term loan and swing line) was $136,000.

At June 30, 2018 funds of $67,276 is available for borrowing under the revolving credit facility.

June 2018 Term Loan

In June 2018, the Company entered into a non-recourse tern loan with a bank, with an original principal amount of $12,407. The note evidencing the loan bears interest at a fixed rate of 5.15%. The principal and interest payments are due in quarterly installments and matures on December 31, 2038, with all remaining unpaid amounts outstanding under the agreement will be due at that time. At June 30, 2018, $12,345 was outstanding under the term loan, including debt discounts.

June 2018 Variable Note

In June 2018, the Company entered into a loan agreement for use in providing non-recourse financing for a solar PV project in operation. The loan agreement provides for a $10,000 term loan credit facility and bears interest at a variable rate, with interest payments due in semi-annual installments. The term loan matures on June 15, 2033, and all remaining unpaid amounts outstanding under the facility will be due at that time. At June 30, 2018, $9,970, net of debt discounts, was outstanding under the term loan. The variable interest rate for this loan at June 30, 2018 was 4.38%.

The Company was in compliance with all financial and operational covenants as of June 30, 2018.

14. SUBSEQUENT EVENTS

During the third quarter of 2018, the Company closed the acquisition of three solar projects for total consideration of $40,100. To date the Company has paid $35,300 to the developers of the acquired projects. The Company financed a portion of these acquisitions through tax equity and project debt. The Company expects these projects to achieve commercial operations in late 2018 or early 2019.

In August 2018, the Company repaid all principal, interest and other amounts outstanding under the loan agreement and the other financing documents associated with the 5.58% variable rate term loan originally due December 2024.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and the related notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto and management’s discussion and analysis of financial condition and results of operations for the year ended December 31, 2017 included in our Annual Report on Form 10-K for the year ended December 31, 2017 filed on March 3, 2018 with the U.S. Securities and Exchange Commission (“SEC”). This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward looking statements include statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans, objectives of management, expected market growth and other characterizations of future events or circumstances. All statements, other than statements of historical fact, including statements that refer to our expectations as to the future growth of our business and associated expenses; our expectations as to revenue generation; the future availability of borrowings under our revolving credit facility; the expected future growth of the market for energy efficiency and renewable energy solutions; our backlog, awarded projects and recurring revenue and the timing of such matters; our expectations as to acquisition activity; the impact of any restructuring; the uses of future earnings; our intention to repurchase shares of our Class A common stock; the expected energy and cost savings of our projects; and the expected energy production capacity of our renewable energy plants; and other characterizations of future events or circumstances are forward-looking statements. These statements are often, but not exclusively, identified by the use of words such as “may,” “will,” “expect,” “believe,” “anticipate,” “intend,” “could,” “estimate,” “target,” “project,” “predict” or “continue,” and similar expressions or variations. These forward-looking statements are based on current expectations and assumptions that are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially and adversely from future results expressed or implied by such forward-looking statements. Risks, uncertainties and factors that *could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors," set forth in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2017. The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. Subsequent events and developments may cause our views to change. However, while we may elect to update these forward-looking statements at some point in the future, we have no current intention of doing so and undertake no obligation to do so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Quarterly Report on Form 10-Q.*

Overview

Ameresco is a leading provider of energy efficiency solutions for facilities throughout North America and Europe. We provide solutions that enable customers to reduce their energy consumption, lower their operating and maintenance costs and realize environmental benefits. Our comprehensive set of services includes upgrades to a facility's energy infrastructure and the construction and operation of small-scale renewable energy plants.

In September 2015, we entered into an agreement with a third party investor which granted the investor ownership interests in the net assets of certain of our renewable energy project subsidiaries. In June 2017, we entered into a separate agreement with a third party investor which granted the investor ownership interests in the net assets of certain of our renewable energy project subsidiaries. In June 2018, we entered into a separate agreement with a third party investor which granted the investor ownership interests in the net assets of certain of our renewable energy project subsidiaries. We entered into these agreements in order to finance the costs of constructing certain energy assets which are under long-term customer contracts. We have determined that we are the primary beneficiary in the operational partnerships for accounting purposes. Accordingly, we consolidate the assets and liabilities and operating results of the entities in our consolidated financial statements. We recognize the investors' share of the net assets of the investors' funds as redeemable non-controlling interests in our consolidated balance sheets. These income or loss allocations, which are reflected on our consolidated statements of income (loss), may create significant volatility in our reported results of operations, including potentially changing net income available to common stockholders from income to loss, or vice versa, from quarter to quarter.

In addition to organic growth, strategic acquisitions of complementary businesses and assets have been an important part of our historical development. Since inception, we have completed numerous acquisitions, which have enabled us to broaden our service offerings and expand our geographical reach.

Effects of Seasonality

We are subject to seasonal fluctuations and construction cycles, particularly in climates that experience colder weather during the winter months, such as the northern United States and Canada, or at educational institutions, where large projects are typically carried out during summer months when their facilities are unoccupied. In addition, government customers, many of which have fiscal years that do not coincide with ours, typically follow annual procurement cycles and appropriate funds on a fiscal-year basis even though contract performance may take more than one year. Further, government contracting cycles can be affected by the timing of, and delays in, the legislative process related to government programs and incentives that help drive demand for energy efficiency and renewable energy projects. As a result, our revenues and operating income in the third and fourth quarter are typically higher, and our revenues and operating income in the first quarter are typically lower, than in other quarters of the year. As a result of such fluctuations, we may occasionally experience declines in revenue or earnings as compared to the immediately preceding quarter, and comparisons of our operating results on a period-to-period basis may not be meaningful.

Our annual and quarterly financial results are also subject to significant fluctuations as a result of other factors, many of which are outside of our control. See "Our business is affected by seasonal trends and construction cycles, and these trends and cycles could have an adverse effect on our operating results." in Item 1A, Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2017 ("Annual Report").

Backlog and Awarded Projects

Total construction backlog represents projects that are active within our ESPC sales cycle. Our sales cycle begins with the initial contact with the customer and ends, when successful, with a signed contract, also referred to as fully-contracted backlog. Our sales cycle recently has been averaging 18 to 42 months. Awarded backlog is created when a potential customer awards a project to Ameresco following a request for proposal. Once a project is awarded but not yet contracted, we typically conduct a detailed energy audit to determine the scope of the project as well as identify the savings that may be expected to be generated from upgrading the customer's energy infrastructure. At this point, we also determine the sub-contractor, what equipment will be used, and assist in arranging for third party financing, as applicable. Recently, awarded projects have been taking an average of 12 to 24 months to result in a signed contract and thus convert to fully-contracted backlog. It may take longer, however, depending upon the size and complexity of the project. Historically, approximately 90% of our awarded backlog projects ultimately have resulted in a signed contract. After the customer and Ameresco agree to the terms of the contract and the contract becomes executed, the project moves to fully-contracted backlog. The contracts reflected in our fully-contracted backlog typically have a construction period of 12 to 36 months and we typically expect to recognize revenue for such contracts over the same period. Fully-contracted backlog begins converting into revenues generated from backlog over time using cost based input methods once construction has commenced. See “We may not recognize all revenues from our backlog or receive all payments anticipated under awarded projects and customer contracts” and “In order to secure contracts for new projects, we typically face a long and variable selling cycle that requires significant resource commitments and requires a long lead time before we realize revenues” in Item 1A, Risk Factors in our Annual Report.

As of June 30, 2018, we had fully-contracted backlog of approximately $679.1 million in expected future revenues under signed customer contracts for the installation or construction of projects; and we also had been awarded projects for which we had not yet signed customer contracts with estimated total future revenues of an additional $1,298.5 million. As of June 30, 2017, we had fully-contracted backlog of approximately $631.4 million in expected future revenues under signed customer contracts for the installation or construction of projects; and we also had been awarded projects for which we had not yet signed customer contracts with estimated total future revenues of an additional $1,013.5 million.

We define our 12-month backlog as the estimated amount of revenues that we expect to recognize in the next twelve months from our fully-contracted backlog. As of June 30, 2018 and 2017, our 12-month backlog was $354.7 million and $380.1 million, respectively.

Assets in development, which represents the potential design/build project value of small-scale renewable energy plants that have been awarded or for which we have secured development rights, was $285.9 million and $202.4 million as of June 30, 2018 and 2017, respectively.

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expense and related disclosures. The most significant estimates with regard to these condensed consolidated financial statements relate to our estimates of uninstalled materials under the revenue recognition requirements of contracts with our customers, allowance for doubtful accounts, inventory reserves, realization of project development costs, fair value of derivative financial instruments, accounting for business acquisitions, stock-based awards, impairment of long-lived assets, income taxes, self insurance reserves and potential liability in conjunction with certain commitments and contingencies. Actual results could differ from those estimates.

Such estimates and assumptions are based on historical experience and on various other factors that management believes to be reasonable under the circumstances. Estimates and assumptions are made on an ongoing basis, and accordingly, the actual results may differ from these estimates under different assumptions or conditions.

The following are certain critical accounting policies that, among others, affect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements:

- *Revenue Recognition;*
- *Energy Assets (formerly referred to as Project Assets);*
- *Goodwill and Intangible Assets;*
- *Derivative Financial Instruments; and*
- *Variable Interest Entities.*

Further details regarding our critical accounting policies and estimates can be found in Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report. In addition, please refer to Note 2, “Summary of Significant Accounting Policies,” of our Notes to Condensed Consolidated Financial Statements included under Part I, Item 1 of this Quarterly Report on Form 10-Q. Except for accounting policies related to our adoption of ASC 606, Management has determined that no material changes concerning our critical accounting policies have occurred since December 31, 2017.

Recent Accounting Pronouncements

See Note 2 *Summary of Significant Accounting Policies* of Notes to Consolidated Financial Statements for a discussion of recent accounting pronouncements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, as amended (Topic 606) (commonly referred to as ASC 606). The Company adopted the requirements of the new standard, including additional accounting standard updates issued during 2016 which provide clarification and expanded guidance on ASU 2014-09 topics, on January 1, 2018 using the modified retrospective method. Refer to *Note 3 Revenue from Contracts with Customers* for further discussion of the adoption of the standard and the impact on the Company's consolidated financial statements.

Results of Operations

On January 1, 2018, the Company adopted new accounting guidance on revenue from contracts with customers, using the modified retrospective method applied to contracts that were not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under that guidance, while prior period amounts are not adjusted and continue to be reported in accordance with the previous guidance. See Note 3 *Revenue Recognition and Contracts with Customers* of Notes to Consolidated Financial Statements for further details.

The following tables set forth certain financial data from the consolidated statements of income (loss) expressed as a percentage of revenues for the periods presented (in thousands):

	Three Months Ended June 30,			
	2018		2017	
	Dollar Amount	% of Revenues	Dollar Amount	% of Revenues
Revenues	$ 196,982	100.0 %	$ 166,665	100.0 %
Cost of revenues	154,206	78.3 %	131,257	78.8 %
Gross profit	42,776	21.7 %	35,408	21.2 %
Selling, general and administrative expenses	28,801	14.6 %	26,650	16.0 %
Operating income	13,975	7.1 %	8,758	5.3 %
Other expenses, net	3,966	2.0 %	1,738	1.0 %
Income before provision from income taxes	10,009	5.1 %	7,020	4.2 %
Income tax provision	1,307	0.7 %	1,060	0.6 %
Net income	8,702	4.4 %	5,960	3.6 %
Net (income) loss attributable to redeemable non-controlling interest	—	— %	(129)	(0.1)%
Net income attributable to common shareholders	$ 8,702	4.4 %	$ 5,831	3.5 %

	Six Months Ended June 30,			
	2018		2017	
	Dollar Amount	% of Revenues	Dollar Amount	% of Revenues
Revenues	$ 364,392	100.0 %	$ 301,275	100.0 %
Cost of revenues	286,143	78.5 %	239,943	79.6 %
Gross profit	78,249	21.5 %	61,332	20.4 %
Selling, general and administrative expenses	56,005	15.4 %	53,137	17.6 %
Operating income	22,244	6.1 %	8,195	2.7 %
Other expenses, net	7,510	2.1 %	3,564	1.2 %
Income before provision (benefit) from income taxes	14,734	4.0 %	4,631	1.5 %
Income tax provision (benefit)	(1,472)	(0.4)%	415	0.1 %
Net income	16,206	4.4 %	4,216	1.4 %
Net (income) loss attributable to redeemable non-controlling interest	(516)	(0.1)%	971	0.3 %
Net income attributable to common shareholders	$ 15,690	4.3 %	$ 5,187	1.7 %

Revenues

The following tables set forth a comparison of our revenues for the periods presented (in thousands):

	Three Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Revenues	$ 196,982	$ 166,665	$ 30,317	18.2%

	Six Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Revenues	$ 364,392	$ 301,275	$ 63,117	20.9%

Revenues increased $30.3 million, or 18.2%, for the three months ended June 30, 2018 compared to the same period of 2017 primarily due to a $23.9 million increase in revenues from our U.S. Regions segment, a $4.7 million increase in our Non-

Solar DG segment, a $3.6 million increase in our All Other segment, offset by $1.0 million decrease in our Canada segment, and a decrease of $0.9 million in our U.S. Federal segment.

Revenues increased $63.1 million, or 20.9%, for the six months ended June 30, 2018 compared to the same period of 2017 primarily due to a $54.1 million increase in revenues from our U.S. Regions segment, a $7.2 million increase in our Non-Solar DG segment, a $4.5 million increase in our All Other segment, offset by $1.6 million decrease in our Canada segment, and a decrease of $1.0 million in our U.S. Federal segment.

Cost of Revenues and Gross Profit

The following tables set forth a comparison of our cost of revenues and gross profit for the periods presented (in thousands):

	Three Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Cost of revenues	$ 154,206	$ 131,257	$ 22,949	17.5%
Gross margin	21.7%	21.2%		

	Six Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Cost of revenues	$ 286,143	$ 239,943	$ 46,200	19.3%
Gross margin	21.5%	20.4%		

Cost of revenues increased $22.9 million, or 17.5%, and gross margin increased to 21.7%, from 21.2%, for the three months ended June 30, 2018 compared to the same period of 2017, respectively. The increase in cost of revenues and gross margin is primarily due to the increase in revenues from our U.S. Regions segment.

Cost of revenues increased $46.2 million, or 19.3%, and gross margin percentage increased to 21.5%, from 20.4%, for the six months ended June 30, 2018 compared to the same period of 2017, respectively. The increase in cost of revenues and gross margin is primarily due to an increase in project revenues from our U.S. Regions segment and an increase in higher margin energy and incentive revenue from renewable gas assets the Company owns in our Non-Solar DG segment.

Selling, General and Administrative Expenses

The following tables set forth a comparison of our selling, general and administrative expenses for the periods presented (in thousands):

	Three Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Selling, general and administrative expenses	$ 28,801	$ 26,650	$ 2,151	8.1%

	Six Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Selling, general and administrative expenses	$ 56,005	$ 53,137	$ 2,868	5.4%

Selling, general and administrative expenses increased $2.2 million, or 8.1%, for the three months ended June 30, 2018, compared to the same period of 2017, primarily due to an increase in salaries and benefits of $1.9 million resulting from increased headcount. For the six months ended June 30, 2018, selling, general and administrative expenses increased $2.9 million, or 5.4% primarily due to an increase in salaries and benefits of $2.0 million resulting from increased headcount and an increase in project development costs incurred in our Canada segment.

Amortization expense of intangible assets related to customer relationships, non-compete agreements, technology and trade names is included in selling, general and administrative expenses in the consolidated statements of income (loss). For the three months ended June 30, 2018 and 2017, we recorded amortization expense related to these intangible assets of $0.2 million and $0.3 million, respectively. For the six months ended June 30, 2018 and 2017, we recorded amortization expense related to these intangible assets of $0.5 million and $0.7 million, respectively.

Other Expenses, Net

Other expenses, net, includes gains and losses from derivatives and foreign currency transactions, interest income and expenses and amortization of deferred financing costs, net. Other expenses, net increased $2.2 million and $3.9 million for the three and six months ended June 30, 2018, respectively, compared to the same periods of 2017, primarily due to increases in interest expense and unfavorable foreign exchange rate fluctuations realized.

Income Before Taxes

Income before taxes increased $3.0 million, or 42.6%, from $7.0 million for the three months ended June 30, 2017 to $10.0 million for the three months ended June 30, 2018 due to the reasons described above. Income before taxes increased $10.1 million, or 218.2%, from $4.6 million for the six months ended June 30, 2017 to $14.7 million for the six months ended June 30, 2018 due to the reasons described above.

Provision (Benefit) from Income Taxes

The provision for income taxes was $1.3 million for the three months ended June 30, 2018, compared to $1.1 million for the three months ended June 30, 2017. The estimated annual effective tax rate applied for the three months ended June 30, 2018 was 13.1% compared to 15.1% for the three months ended June 30, 2017. The decrease in the rate compared to the same period in the prior year was due primarily to the effects of the reduction in the U.S. federal statutory tax rate, 21% for 2018 compared to 35% for 2017. The effects of the higher U.S. federal statutory tax rate for 2017 was partially offset by the use of investment tax credits, to which the company was entitled from plants it placed in service in 2017.

The benefit from income taxes was $1.5 million for the six months ended June 30, 2018, compared to a provision of $0.4 million for the six months ended June 30, 2017. The estimated annual effective tax rate applied for the six months ended six months ended June 30, 2018 was (10.0)% compared to 9.0% for the six months ended June 30, 2017. The decrease in the rate compared to the same period in the prior year was due primarily to the effects of a tax deduction under Internal Revenue Code Section 179D and the timing of the recognition of discrete tax items within interim periods.

The principal reason for the difference between the statutory rate and the estimated annual effective rate for 2018 were the effects of a $4.6 million benefit of the 2017 Section 179D deduction, which was extended in February 2018 and treated as a discrete event in the year to date period, and the use of investment tax credits to which the Company is entitled from owned plants. The principal reason for the difference between the statutory rate and the estimated annual effective rate for 2017 were the effects of investment tax credits to which the Company is entitled from owned plants.

The investment tax credits and other energy related tax incentives to which we are entitled fluctuate from year to year based on our investment renewable energy plants we place or expect to place in service in that year.

Net Income and Earnings Per Share

Net income increased $2.7 million, or 46.0%, to $8.7 million for the three months ended June 30, 2018 compared to $6.0 million for the same period of 2017. Net income increased $12.0 million, or 284.4%, to $16.2 million for the six months ended June 30, 2018 compared to $4.2 million for the same period of 2017.

Basic and diluted earnings per share for the three months ended June 30, 2018 were $0.19, an increase of $0.06 per share, compared to the same period of 2017. Basic earnings per share for the six months ended June 30, 2018 were $0.35, an increase of $0.24 per share, compared to the same period of 2017. Diluted earnings per share for the six months ended June 30, 2018 were $0.34, an increase of $0.23 per share, compared to the same period of 2017.

Business Segment Analysis

We report results under ASC 280, *Segment Reporting.* Our reportable segments for the three and six months ended June 30, 2018 are U.S. Regions, U.S. Federal, Canada and Non-Solar Distribution Generation “DG”. Our U.S. Regions, U.S. Federal and Canada segments offer energy efficiency products and services, which include: the design, engineering and installation of equipment and other measures to improve the efficiency and control the operation of a facility’s energy infrastructure; renewable energy solutions and services, which include the construction of small-scale plants that we own or develop for customers that produce electricity, gas, heat or cooling from renewable sources of energy; and O&M services. Our Non-Solar

DG segment sells electricity, processed renewable gas fuel, heat or cooling, produced from renewable sources of energy, other than solar, and generated by small-scale plants that we own; and O&M services for customer-owned small-scale plants. As of December 31, 2017, the Company's U.S. Regions segment now includes certain small-scale solar grid-tie plants developed for customers previously included in our Non-Solar DG segment. Previously reported amounts have been restated for comparative purposes. The "All Other" category offers enterprise energy management services, consulting services and integrated-PV. These segments do not include results of other activities, such as corporate operating expenses not specifically allocated to the segments.

U.S. Regions

	Three Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Revenues	$ 88,778	$ 64,834	$ 23,944	36.9%
Income before taxes	$ 4,732	$ 3,456	$ 1,276	36.9%

	Six Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Revenues	$ 163,469	$ 109,323	$ 54,146	49.5%
Income before taxes	$ 9,350	$ 956	$ 8,394	878.0%

Revenues for our U.S. Regions segment increased $23.9 million, or 36.9%, to $88.8 million for the three months ended June 30, 2018 and increased $54.1 million, or 49.5%, to $163.5 million for the six months ended June 30, 2018 compared to the same period of 2017, primarily due to an increase in project revenues attributable to an increase in the average project size versus the prior year.

Income before taxes for our U.S. Regions segment increased $1.3 million, or 36.9%, to $4.7 million for the three months ended June 30, 2018, and $8.4 million, or 878.0%, to $9.4 million for the six months ended June 30, 2018, compared to the same periods of 2017 primarily due to the increase in revenues described above.

U.S. Federal

	Three Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Revenues	$ 58,214	$ 59,106	$ (892)	(1.5)%
Income before taxes	$ 10,078	$ 8,881	$ 1,197	13.5 %

	Six Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Revenues	$ 105,999	$ 107,030	$ (1,031)	(1.0)%
Income before taxes	$ 15,895	$ 14,326	$ 1,569	11.0 %

Revenues for our U.S. Federal segment decreased $0.9 million, or 1.5% to $58.2 million for the three months ended June 30, 2018, and decreased $1.0 million, or 1.0% to $106.0 million for the six months ended June 30, 2018 compared to the same period of 2017, primarily due to timing of revenue recognized as a result of the phase of active projects.

Income before taxes for our U.S. Federal segment increased $1.2 million, or 13.5%, to $10.1 million for the three months ended June 30, 2018, and $1.6 million, or 11.0%, to $15.9 million for the six months ended June 30, 2018 compared to the same periods of 2017, primarily due to gross profit attributed to a favorable mix of higher margin projects during the second quarter of 2018.

Canada

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Dollar Change	Percentage Change
Revenues	$ 7,958	$ 8,991	$ (1,033)	(11.5)%
Income (loss) before taxes	$ (285)	$ 614	$ (899)	(146.4)%

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Dollar Change	Percentage Change
Revenues	$ 16,862	$ 18,492	$ (1,630)	(8.8)%
Income (loss) before taxes	$ (2,647)	$ 101	$ (2,748)	(2,720.8)%

Revenues for our Canada segment decreased $1.0 million, or 11.5%, to $8.0 million for the three months ended June 30, 2018 and $1.6 million, or 8.8% to $16.9 million for the six months ended June 30, 2018 compared to the same periods of 2017, primarily due to a decrease in project revenues.

Loss before taxes for our Canada segment increased $0.9 million to a loss of $0.3 million for the three months ended June 30, 2018 compared to a income of $0.6 million for the same period of 2017. For the six months ended June 30, 2018, loss before taxes increased $2.7 million to a loss of $2.6 million compared to income of $0.1 million for the same period of 2017. The increase in loss for the three-month and six-month period is primarily due to the decrease in revenues described above, higher project development costs and unfavorable foreign currency exchange rate fluctuations.

Non-Solar DG

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Dollar Change	Percentage Change
Revenues	$ 19,921	$ 15,210	$ 4,711	31.0%
Income before taxes	$ 2,335	$ 859	$ 1,476	171.8%

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Dollar Change	Percentage Change
Revenues	$ 38,038	$ 30,856	$ 7,182	23.3%
Income before taxes	$ 4,945	$ 2,027	$ 2,918	144.0%

Revenues for our Non-Solar DG segment increased $4.7 million, or 31.0%, to $19.9 million for the three months ended June 30, 2018, and increased $7.2 million, or 23.3%, to $38.0 million for the six months ended June 30, 2018, compared to the same periods of 2017, primarily due to an increase in energy and incentive revenue from the Company's renewable natural gas plant in Michigan which was placed in service in the first half of 2018.

Income before taxes for our Non-Solar DG segment increased $1.5 million, or 171.8%, to $2.3 million for the three months ended June 30, 2018 and $2.9 million or 144.0% to $4.9 million for the six months ended June 30, 2018 compared to the same periods of 2017, primarily due the increase in revenues described above.

All Other & Unallocated Corporate Activity

	Three Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Revenues	$ 22,111	$ 18,524	$ 3,587	19.4 %
Income before taxes	$ 900	$ 416	$ 484	116.3 %
Unallocated corporate activity	$ (7,751)	$ (7,206)	$ (545)	(7.6)%

	Six Months Ended June 30,		Dollar	Percentage
	2018	2017	Change	Change
Revenues	$ 40,024	$ 35,574	$ 4,450	12.5 %
Income before taxes	$ 1,812	$ 1,313	$ 499	38.0 %
Unallocated corporate activity	$ (14,620)	$ (14,092)	$ (528)	(3.7)%

Revenues for our All Other segment increased $3.6 million, or 19.4%, to $22.1 million for the three months ended June 30, 2018, compared to the same period of 2017 primarily due to an increase in project revenues. Revenues increased $4.5 million or 12.5% to $40.0 million for the six months ended June 30, 2018 compared to the same period of 2017 primarily due to an increase in project revenues and integrated-PV revenues attributed to sales to customers for oilfield microgrid applications.

Income before taxes for our All Other segment increased $0.5 million, or 116.3% to $0.9 million for the three months ended June 30, 2018 and $0.5 million, or 38.0% to $1.8 million six months ended June 30, 2018 compared to the same periods of 2017.

Unallocated corporate activity includes all corporate level selling, general and administrative expenses and other expenses not allocated to the segments. We do not allocate any indirect expenses to the segments.

Liquidity and Capital Resources

Sources of liquidity. Since inception, we have funded operations primarily through cash flow from operations, advances from Federal ESPC projects and various forms of debt. We believe that the cash and cash equivalents and availability under our revolving senior secured credit facility, combined with our access to credit markets, will be sufficient to fund our operations through the next twelve months and thereafter.

Proceeds from our Federal ESPC projects are generally received through agreements to sell the ESPC receivables related to certain ESPC contracts to third-party investors. We use the advances from the investors under these agreements to finance the projects. Until recourse to us ceases for the ESPC receivables transferred to the investor, upon final acceptance of the work by the government customer, we are the primary obligor for financing received. The transfers of receivables under these agreements do not qualify for sales accounting until final customer acceptance of the work, so the advances from the investors are not classified as operating cash flows. Cash draws that we receive under these ESPC agreements are recorded as financing cash inflows. The use of the cash received under these arrangements to pay project costs is classified as operating cash flows. Due to the manner in which the ESPC contracts with the third-party investors are structured, our reported operating cash flows are materially impacted by the fact that operating cash flows only reflect the ESPC contract expenditure outflows and do not reflect any inflows from the corresponding contract revenues. Upon acceptance of the project by the federal customer the ESPC receivable and corresponding ESPC liability are removed from our consolidated balance sheet as a non-cash settlement. See Note 2, “Summary of Significant Accounting Policies”, to our Notes to Condensed Consolidated Financial Statements appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Our service offering also includes the development, construction and operation of small-scale renewable energy plants. Small-scale renewable energy projects, or energy assets, can either be developed for the portfolio of assets that we own and operate or designed and built for customers. Expenditures related to projects that we own are recorded as cash outflows from investing activities. Expenditures related to projects that we build for customers are recorded as cash outflows from operating activities as cost of revenues.

The amount of interest capitalized relating to construction financing during the period of construction for the three months ended June 30, 2018 and 2017 was $0.7 million and $1.4 million, respectively. The amount of interest capitalized relating to construction financing during the period of construction for the six months ended June 30, 2018 and 2017 was $1.7 million and $2.5 million, respectively.

Cash flows from operating activities. Operating activities used $57.1 million of net cash during the six months ended June 30, 2018. During that period, we had net income of $16.2 million, which is net of non-cash compensation, depreciation, amortization, deferred income taxes, gain on sale of assets, unrealized foreign exchange gain and other non-cash items totaling $26.3 million. Increase in accounts receivable, including retainage, other assets, project development cost, inventory, and decrease in accrued expenses, billings in excess of costs and estimated earnings, net, and income tax payable used $64.3 million in cash. These were offset by decreases in costs and estimated earnings in excess of billings, prepaids, and increases in other liabilities, provided for $33.9 million in cash. Increases in Federal ESPC receivables used an additional $69.3 million. As described above, Federal ESPC operating cash flows only reflect the ESPC expenditure outflows and do not reflect any inflows from the corresponding contract revenues, which are recorded as cash inflows from financing activities due to the timing of the receipt of cash related to the assignment of the ESPC receivables to the third-party investors.

Operating activities used $51.4 million of net cash during the six months ended June 30, 2017. During that period, we had net loss of $4.2 million, which is net of non-cash compensation, depreciation, amortization, deferred income taxes, unrealized foreign exchange gain and other non-cash items totaling $10.9 million. Decreases accounts receivable, including retainage, inventory, costs and estimated earnings in excess of billings and billings in excess of costs and estimated earnings, net, and an increase in other liabilities provided $26.1 million in cash. These were offset by increases in prepaid expenses and other current assets, project development costs and other assets and a decrease in accounts payable, accrued expenses and other current liabilities and income taxes payable, which used $19.8 million. An increase in Federal ESPC receivables used an additional $72.8 million.

Cash flows from investing activities. Cash flows from investing activities during the six months ended June 30, 2018 used $62.3 million. We invested $26.2 million on purchases of energy assets during the six months ended June 30, 2018. In addition, we invested $2.1 million in purchases of other property and equipment and $34.0 million related to acquisitions of renewable energy plants. We plan to invest an additional $70 million on capital expenditures, principally for energy asset acquisitions and construction, for the remainder of 2018.

Cash flows from investing activities during the six months ended June 30, 2017 used $52.3 million. Development of our renewable energy plants used $51.4 million. In addition, we invested $1.2 million in purchases of other property and equipment and $2.4 million related to the acquisitions of renewable energy assets. This was offset by proceeds from the sales of assets of $2.8 million.

Cash flows from financing activities. Cash flows from financing activities during the six months ended June 30, 2018 provided $124.0 million. This was primarily due to proceeds received from Federal ESPC projects and energy assets of $70.4 million, proceeds from project financings of $58.6 million, net proceeds from redeemable non-controlling interests of $1.5 million, net draws on our revolving credit facility of $6.1 million, and proceeds from exercises of stock options and ESPP of $2.3 million. This was partially offset by payments on long-term debt of $10.8 million, repurchase of common stock of $1.8 million, including fees, and payments of financing fees of $2.3 million.

Cash flows from financing activities during the six months ended June 30, 2017 provided $112.9 million. This was primarily due to proceeds received from Federal ESPC projects of $74.0 million, $21.5 million received under sale-leaseback financings, proceeds from project financings of $41.6 million, proceeds from exercises of options of $1.1 million, net draws on our revolving credit facility of $13.2 million and net proceeds from redeemable non-controlling interests of $1.4 million. These was partially offset by payments on long-term debt of $36.0 million, payments of financing fees of $1.6 million, and repurchase of stock of $2.3 million, including fees.

We currently plan additional project financings of approximately $50.0 million for the second half of 2018.

See Note 13 *Long-term Debt* of Notes to Consolidated Financial Statements for additional discussion of items impacting the Company's liquidity.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under SEC rules, such as relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, established for the purpose of facilitating financing transactions that are not required to be reflected on our balance sheet.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of June 30, 2018, there have been no significant changes in market risk exposures that materially affected the quantitative and qualitative disclosures as described in Item 7A to our Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this quarterly report, or the evaluation date. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our management, after evaluating the effectiveness of our disclosure controls and procedures as of the evaluation date, concluded that as of the evaluation date, our disclosure controls and procedures were effective at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We implemented internal controls to ensure we adequately evaluated our contracts and account for revenue recognition under the new accounting standard.There were no significant changes to our internal control over financial reporting due to the adoption of the new standard.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary conduct of our business we are subject to periodic lawsuits, investigations and claims. Although we cannot predict with certainty the ultimate resolution of such lawsuits, investigations and claims against us, we do not believe that any currently pending or threatened legal proceedings to which we are a party will have a material adverse effect on our business, results of operations or financial condition.

For additional information about certain proceedings, please refer to Note 7, “Commitments and Contingencies”, to our Condensed Consolidated Financial Statements included included under Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated into this item by reference.

Item 1A. Risk Factors

As of June 30, 2018, there have been no material changes to the risk factors described in Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity and Use of Proceeds

Stock Repurchase Program

The following table provides information as of and for the quarter ended June 30, 2018 regarding shares of our Class A common stock that were repurchased under our stock repurchase program authorized by the Board of Directors on April 27, 2016 (the “Repurchase Program”):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2018 - April 30, 2018	—	—	—	$ 3,514,522
May 1, 2018 - May 31, 2018	100	11.50	100	$ 3,513,372
June 1, 2018 - June 30, 2018	—	—	—	$ 3,513,372
Total	100	$ 11.50	100	$ 3,513,372

Under the Repurchase Program, we are authorized to repurchase up to $15.0 million of our Class A common stock, as increased by the Board of Directors in February 2017. Stock repurchases may be made from time to time through the open market and privately negotiated transactions. The amount and timing of any share repurchases will depend upon a variety of factors, including the trading price of our Class A common stock, liquidity, securities laws restrictions, other regulatory restrictions, potential alternative uses of capital, and market and economic conditions. The Repurchase Program may be suspended or terminated at any time without prior notice, and has no expiration date.

Item 6. Exhibits

The exhibits listed in the Exhibit Index immediately preceding the exhibits are filed (other than exhibit 32.1) as part of this Quarterly Report on Form 10-Q and such Exhibit Index is incorporated herein by reference.

Exhibit Index

Exhibit Number	Description
10.1*+	Ameresco, Inc. 2017 Employee Stock Purchase Plan, as amended
10.2*	Amendment No. 7 to Third Amended and Restated Credit and Security Agreement dated June 29, 2018 among Ameresco, Inc., certain guarantors party thereto, certain lenders party thereto from time to time and Bank of America, N.A. as Administrative Agent.
10.3*	Amendment No. 8 to Third Amended and Restated Credit and Security Agreement dated June 29, 2018 among Ameresco, Inc., certain guarantors party thereto, certain lenders party thereto from time to time and Bank of America, N.A. as Administrative Agent.
31.1*	Principal Executive Officer Certification required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Principal Financial Officer Certification required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following condensed consolidated financial statements from Ameresco, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets (ii) Consolidated Statements of Income (Loss), (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statement of Changes in Redeemable Non-Controlling Interests and Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.

*Filed herewith.

+ Identifies a management contract or compensatory plan or arrangement in which an executive officer or director of Ameresco participates.

**Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	AMERESCO, INC.
Date: August 8, 2018	By: /s/ John R. Granara, III
	John R. Granara, III
	Executive Vice President and Chief Financial Officer
	(duly authorized and principal financial officer)

Ameresco Inc.

2017 EMPLOYEE STOCK PURCHASE PLAN
as amended

The purpose of this 2017 Employee Stock Purchase Plan (this "Plan") is to provide eligible employees of Ameresco Inc. (the "Company") and certain of its subsidiaries with opportunities to purchase shares of the Company's Class A common stock, $0.0001 par value per share (the "Common Stock"), commencing at the time set forth in the Plan. Subject to adjustment under Section 15 hereof, the number of shares of Common Stock that have been approved for this purpose is 200,000 shares of Common Stock.

This Plan is intended to qualify as an "employee stock purchase plan" as defined in Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations issued thereunder, and shall be interpreted consistent therewith.

1. Administration. The Plan will be administered by the Board of Directors of the Company (the "Board") or by a Committee appointed by the Board (the "Committee"). The Board or the Committee has authority to make rules and regulations for the administration of the Plan and its interpretation and decisions with regard thereto shall be final and conclusive.

2. Eligibility. All employees of the Company and all employees of any subsidiary of the Company (as defined in Section 424(f) of the Code) designated by the Board or the Committee from time to time (a "Designated Subsidiary"), are eligible to participate in any one or more of the offerings of Options (as defined in Section 9) to purchase Common Stock under the Plan provided that:

(a) they are customarily employed by the Company or a Designated Subsidiary for more than twenty (20) hours a week and for more than five (5) months in a calendar year;

(b) they have been employed by the Company or a Designated Subsidiary for at least six (6) months prior to enrolling in the Plan; and

(c) they are employees of the Company or a Designated Subsidiary on the first day of the applicable Plan Period (as defined below).

No employee may be granted an Option hereunder if such employee, immediately after the Option is granted, owns 5% or more of the total combined voting power or value of the stock of the Company or any subsidiary. For purposes of the preceding sentence, the attribution rules of Section 424(d) of the Code shall apply in determining the stock ownership of an employee, and all stock that the employee has a contractual right to purchase shall be treated as stock owned by the employee.

The Company retains the discretion to determine which eligible employees may participate in an offering pursuant to and consistent with Treasury Regulation Sections 1.423-2(e) and (f).

3. Offerings. The Company will make two offerings in a twelve month period ("Offerings") to employees to purchase stock under this Plan. Offerings will begin each June 1 and December 1, or the first business day thereafter (such dates, the "Offering Commencement Dates"). Each Offering Commencement Date will begin a six (6) month period (a "Plan Period") during which payroll deductions will be made and held for the purchase of Common Stock at the end of the Plan Period. The Board or the Committee may, at its discretion, choose a different Plan Period of not more than twelve (12) months for Offerings.

4. Participation. An employee eligible on the Offering Commencement Date of any Offering may participate in such Offering by completing and forwarding either a written or electronic payroll deduction authorization form to the employee's appropriate payroll office at least ten (10) days prior to the applicable Offering Commencement Date. The form will authorize a regular payroll deduction from the Compensation received by the employee during the Plan Period. Unless an employee files a new form or withdraws from the Plan, his or her deductions and purchases will continue at the same rate for future Offerings under the Plan as long as the Plan remains in effect. The term "Compensation" means the amount of money reportable on the employee's Federal Income Tax Withholding Statement, excluding overtime, shift premium, incentive or bonus awards, allowances and reimbursements for expenses such as relocation allowances for travel expenses, income or gains associated with the grant or vesting of restricted stock, income or gains on the exercise of Company stock options or stock appreciation rights, and similar items, whether or not shown or separately identified on the employee's Federal Income Tax Withholding Statement, but including, in the case of salespersons, sales commissions to the extent determined by the Board or the Committee.

5. Deductions. The Company will maintain payroll deduction accounts for all participating employees. With respect to any Offering made under this Plan, an employee may authorize a payroll deduction in any percentage amount (in whole percentages) up to a maximum of fifteen (15)% of the Compensation he or she receives during the Plan Period or such shorter period during which deductions from payroll are made. The Board or the Committee may, at its discretion, designate a lower maximum contribution rate. The minimum payroll deduction is such percentage of Compensation as may be established from time to time by the Board or the Committee.

6. Deduction Changes. An employee may decrease or discontinue his or her payroll deduction once during any Plan Period, by filing either a written or electronic new payroll deduction authorization form. However, an employee may not increase his or her payroll deduction during a Plan Period. If an employee elects to discontinue his or her payroll deductions during a Plan Period, but does not elect to withdraw his or her funds pursuant to Section 8 hereof, funds deducted prior to his or her election to discontinue will be applied to the purchase of Common Stock on the Exercise Date (as defined below).

7. Interest. Interest will not be paid on any employee accounts, except to the extent that the Board or the Committee, in its sole discretion, elects to credit employee accounts with interest at such rate as it may from time to time determine.

8. Withdrawal of Funds. An employee may at any time prior to the close of business on the fifteenth business day prior to the end of a Plan Period and for any reason permanently draw

out the balance accumulated in the employee's account and thereby withdraw from participation in an Offering. Partial withdrawals are not permitted. The employee may not begin participation again during the remainder of the Plan Period during which the employee withdrew his or her balance. The employee may participate in any subsequent Offering in accordance with terms and conditions established by the Board or the Committee.

9. Purchase of Shares.

(a) Number of Shares. On the Offering Commencement Date, the Company will grant to each eligible employee who is then a participant in the Plan an option (an "Option") to purchase on the last business day of such Plan Period (the "Exercise Date") at the applicable purchase price (the "Option Price") up to that number of shares of Common Stock determined by multiplying \$2,083 by the number of full months in the Plan Period and dividing the result by the closing price (as determined below) on the Offering Commencement Date; provided, however, that no employee may be granted an Option which permits his or her rights to purchase Common Stock under this Plan and any other employee stock purchase plan (as defined in Section 423(b) of the Code) of the Company and its subsidiaries, to accrue at a rate which exceeds \$25,000 of the fair market value of such Common Stock (determined at the date such Option is granted) for each calendar year in which the Option is outstanding at any time; and, provided, further, however, that the Committee may, in its discretion, set a fixed maximum number of shares of Common Stock that each eligible employee may purchase per Plan Period which number may not be greater than the number of shares of Common Stock determined by using the formula in the first clause of this Section 9(a) and which number shall be subject to the second clause of this Section 9 (a).

(b) Option Price. The Board or the Committee shall determine the Option Price for each Plan Period, including whether such Option Price shall be determined based on the lesser of the closing price of the Common Stock on (i) the first business day of the Plan Period or (ii) the Exercise Date, or shall be based solely on the closing price of the Common Stock on the Exercise Date; provided, however, that such Option Price shall be at least 85% of the applicable closing price. In the absence of a determination by the Board or the Committee, the Option Price will be 95% of the lesser of the closing price of the Common Stock on (i) the first business day of the Plan Period or (ii) the Exercise Date. The closing price shall be (a) the closing price (for the primary trading session) on any national securities exchange on which the Common Stock is listed or (b) the average of the closing bid and asked prices in the over-the-counter-market, whichever is applicable, as published in The Wall Street Journal or another source selected by the Board or the Committee. If no sales of Common Stock were made on such a day, the price of the Common Stock shall be the reported price for the next preceding day on which sales were made.

(c) Exercise of Option. Each employee who continues to be a participant in the Plan on the Exercise Date shall be deemed to have exercised his or her Option at the Option Price on such date and shall be deemed to have purchased from the Company the number of whole shares of Common Stock reserved for the purpose of the Plan that his or her accumulated payroll deductions on such date will pay for, but not in excess of the maximum numbers determined in the manner set forth above.

(d) Return of Unused Payroll Deductions. Any balance remaining in an employee's payroll deduction account at the end of a Plan Period will be automatically refunded to the employee.

10. Issuance of Certificates. Certificates representing shares of Common Stock purchased under the Plan may be issued only in the name of the employee, in the name of the employee and another person of legal age as joint tenants with rights of survivorship, or (in the Company's sole discretion) in the name of a brokerage firm, bank, or other nominee holder designated by the employee. The Company may, in its sole discretion and in compliance with applicable laws, authorize the use of book entry registration of shares in lieu of issuing stock certificates.

11. Rights on Retirement, Death or Termination of Employment. If a participating employee's employment ends before the last business day of a Plan Period, no payroll deduction shall be taken from any pay then due and owing to the employee and the balance in the employee's account shall be paid to the employee. In the event of the employee's death before the last business day of a Plan Period, the Company shall, upon notification of such death, pay the balance of the employee's account (a) to the executor or administrator of the employee's estate or (b) if no such executor or administrator has been appointed to the knowledge of the Company, to such other person(s) as the Company may, in its discretion, designate. If, before the last business day of the Plan Period, the Designated Subsidiary by which an employee is employed ceases to be a subsidiary of the Company, or if the employee is transferred to a subsidiary of the Company that is not a Designated Subsidiary, the employee shall be deemed to have terminated employment for the purposes of this Plan.

12. Optionees Not Stockholders. Neither the granting of an Option to an employee nor the deductions from his or her pay shall make such employee a stockholder of the shares of Common Stock covered by an Option under this Plan until he or she has purchased and received such shares.

13. Options Not Transferable. Options under this Plan are not transferable by a participating employee other than by will or the laws of descent and distribution, and are exercisable during the employee's lifetime only by the employee.

14. Application of Funds. All funds received or held by the Company under this Plan may be combined with other corporate funds and may be used for any corporate purpose.

15. Adjustment for Changes in Common Stock and Certain Other Events.

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under this Plan, (ii) the share limitations set forth in Section 9, and (iii) the Option Price shall be equitably adjusted to the extent determined by the Board or the Committee.

(b) Reorganization Events.

(1) Definition. A "Reorganization Event" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Options. In connection with a Reorganization Event, the Board or the Committee may take any one or more of the following actions as to outstanding Options on such terms as the Board or the Committee determines: (i) provide that Options shall be assumed, or substantially equivalent Options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to employees, provide that all outstanding Options will be terminated immediately prior to the consummation of such Reorganization Event and that all such outstanding Options will become exercisable to the extent of accumulated payroll deductions as of a date specified by the Board or the Committee in such notice, which date shall not be less than ten (10) days preceding the effective date of the Reorganization Event, (iii) upon written notice to employees, provide that all outstanding Options will be cancelled as of a date prior to the effective date of the Reorganization Event and that all accumulated payroll deductions will be returned to participating employees on such date, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "Acquisition Price"), change the last day of the Plan Period to be the date of the consummation of the Reorganization Event and make or provide for a cash payment to each employee equal to (A) (1) the Acquisition Price times (2) the number of shares of Common Stock that the employee's accumulated payroll deductions as of immediately prior to the Reorganization Event could purchase at the Option Price, where the Acquisition Price is treated as the fair market value of the Common Stock on the last day of the applicable Plan Period for purposes of determining the Option Price under Section 9(b) hereof, and where the number of shares that could be purchased is subject to the limitations set forth in Section 9(a), minus (B) the result of multiplying such number of shares by such Option Price, (v) provide that, in connection with a liquidation or dissolution of the Company, Options shall convert into the right to receive liquidation proceeds (net of the Option Price thereof) and (vi) any combination of the foregoing.

For purposes of clause (i) above, an Option shall be considered assumed if, following consummation of the Reorganization Event, the Option confers the right to purchase, for each share of Common Stock subject to the Option immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of Options to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determines to be equivalent in value (as of the date of such determination or another date specified by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

16. Amendment of the Plan. The Board may at any time, and from time to time, amend or suspend this Plan or any portion thereof, except that (a) if the approval of any such amendment by the shareholders of the Company is required by Section 423 of the Code, such amendment shall not be effected without such approval, and (b) in no event may any amendment be made that would cause the Plan to fail to comply with Section 423 of the Code.

17. Insufficient Shares. If the total number of shares of Common Stock specified in elections to be purchased under any Offering plus the number of shares purchased under previous Offerings under this Plan exceeds the maximum number of shares issuable under this Plan, the Board or the Committee will allot the shares then available on a pro-rata basis.

18. Termination of the Plan. This Plan may be terminated at any time by the Board. Upon termination of this Plan all amounts in the accounts of participating employees shall be promptly refunded.

19. Governmental Regulations. The Company's obligation to sell and deliver Common Stock under this Plan is subject to listing on a national stock exchange (to the extent the Common Stock is then so listed or quoted) and the approval of all governmental authorities required in connection with the authorization, issuance or sale of such stock.

20. Governing Law. The Plan shall be governed by Delaware law except to the extent that such law is preempted by federal law.

21. Issuance of Shares. Shares may be issued upon exercise of an Option from authorized but unissued Common Stock, from shares held in the treasury of the Company, or from any other proper source.

22. Notification upon Sale of Shares. Each employee agrees, by entering the Plan, to promptly give the Company notice of any disposition of shares purchased under the Plan where such disposition occurs within two years after the date of grant of the Option pursuant to which such shares were purchased.

23. Grants to Employees in Foreign Jurisdictions. The Company may, to comply with the laws of a foreign jurisdiction, grant Options to employees of the Company or a Designated Subsidiary who are citizens or residents of such foreign jurisdiction (without regard to whether they are also citizens of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) with terms that are less favorable (but not more favorable) than the terms of Options granted under the Plan to employees of the Company or a Designated Subsidiary who are resident in the United States. Notwithstanding the preceding provisions of this Plan, employees of the Company or a Designated Subsidiary who are citizens or residents of a foreign jurisdiction (without regard to whether they are also citizens of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from eligibility under the Plan if (a) the grant of an Option under the Plan to a citizen or resident of the foreign jurisdiction is prohibited under the laws of such jurisdiction or (b) compliance with

the laws of the foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code. The Company may add one or more appendices to this Plan describing the operation of the Plan in those foreign jurisdictions in which employees are excluded from participation or granted less favorable Options.

24. Authorization of Sub-Plans. The Board may from time to time establish one or more sub-plans under the Plan with respect to one or more Designated Subsidiaries, provided that such sub-plan complies with Section 423 of the Code.

25. Withholding. If applicable tax laws impose a tax withholding obligation, each affected employee shall, no later than the date of the event creating the tax liability, make provision satisfactory to the Board for payment of any taxes required by law to be withheld in connection with any transaction related to Options granted to or shares acquired by such employee pursuant to the Plan. The Company may, to the extent permitted by law, deduct any such taxes from any payment of any kind otherwise due to an employee.

26. Effective Date and Approval of Stockholders. The Plan shall become effective on the date that the Plan is approved by the Company' stockholders (the "Effective Date").

Adopted by the Board of Directors on April 26, 2017
Approved by the stockholders on June 1, 2017

Amendment Adopted by the Board of Directors on February 2, 2018
Amendment Approved by the stockholders on May 24, 2018

Amendment Adopted by the Board of Directors on July 25, 2018

AMENDMENT NO. 7 TO THIRD AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

This AMENDMENT NO. 7 TO THIRD AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT is dated as of April 4, 2018 (this "Amendment"), among AMERESCO, INC. (the "Borrower"), THE GUARANTORS PARTY HERETO (the "Guarantors" and collectively with the Borrower, the "Loan Parties"), THE LENDERS PARTY HERETO (the "Lenders"), and BANK OF AMERICA, N.A., as administrative agent (the "Agent").

WHEREAS, the Loan Parties, the Lenders, and the Agent are parties to that certain Third Amended and Restated Credit and Security Agreement dated as of June 30, 2015, as heretofore amended, among the Borrower, the Guarantors, the Lenders, and the Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Loan Parties, the Agent and the Lenders wish to increase the LC Commitment Amount to $20,000,000 and make certain other changes to covenants of the Credit Agreement, and accordingly revise certain provisions of the Credit Agreement, as described herein;

NOW, THEREFORE, in consideration of the foregoing and the agreements contained herein, the parties agree that the Credit Agreement is hereby amended as follows:

1. Capitalized Terms. Except as otherwise expressly defined herein, all capitalized terms used herein which are defined in the Credit Agreement have the same meanings herein as therein, except to the extent that such meanings are amended hereby.

2. Amendment to Credit Agreement.

(a) Section 1.1 of the Credit Agreement is hereby amended to delete the definition of "LC Commitment Amount" in its entirety and replace it with the following:

"LC Commitment Amount" means $20,000,000.

(b) Section 3.3 of the Credit Agreement is hereby amended to add the following new paragraph (c) immediately after paragraph (b) thereof:

(c) Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Agent determines (which determination shall be conclusive absent manifest error), or the Borrower or Required Lenders notify the Agent (with, in the case of the Required Lenders, a copy to Borrower) that the Borrower or Required Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for any requested Interest Period, including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the administrator of the LIBOR Screen Rate or a Governmental Authority having jurisdiction over the Agent has made a public statement identifying a specific date after which LIBOR or the LIBOR Screen Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the "**Scheduled Unavailability Date**"), or

(iii) syndicated loans currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR,

then, reasonably promptly after such determination by the Agent or receipt by the Agent of such notice , as applicable, the Agent and the Borrower may amend this Agreement to replace LIBOR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) , giving due consideration to any evolving or then existing convention for similar Dollar-denominated syndicated credit facilities for such alternative benchmarks (any such proposed rate, a "**LIBOR Successor Rate**"), together with any proposed LIBOR Successor Rate Conforming Changes (as defined below) and any such amendment shall become effective at 5:00 p.m. (New York time) on the fifth Business Day after the Agent shall have posted such proposed amendment to all Lenders and the Borrower unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Agent written notice that such Required Lenders do not accept such amendment.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled Unavailability Date has occurred (as applicable), the Agent will promptly so notify the Borrower and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurocurrency Rate Loans denominated in Dollars shall be suspended, (to the extent of the affected Eurocurrency Rate Loans or Interest Periods), and (y) the Eurocurrency Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in Dollars (to the extent of the affected Eurocurrency Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Committed Borrowing of Base Rate Loans (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Agreement.

As used in this paragraph (c):

"**LIBOR Screen Rate**" means the LIBOR quote on the applicable screen page the Agent designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Agent from time to time).

"LIBOR Successor Rate Conforming Changes" means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of the Agent, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Agent determines in consultation with the Borrower).

(c) Section 12.7 of the Credit Agreement is hereby amended to insert the following new paragraph (d) immediately after paragraph (c) thereof:

(d) Customary Advertising Material. The Loan Parties consent to the publication by the Agent or any Lender of customary advertising material relating to the transactions contemplated hereby using the name, product photographs, logo or trademark of the Loan Parties.

3. Confirmation of Guaranty by Guarantors. Each Guarantor hereby confirms and agrees that all indebtedness, obligations or liability of the Borrower under the Credit Agreement as amended hereby, whether any such indebtedness, obligations and liabilities are now existing or hereafter arising, due or to become due, absolute or contingent, or direct or indirect, constitute "Guaranteed Obligations" under and as defined in the Credit Agreement and, subject to the limitation set forth in Section 4.1 of the Credit Agreement, are guaranteed by and entitled to the benefits of the Guaranty set forth in Article 4 of the Credit Agreement. Each Guarantor hereby ratifies and confirms the terms and provisions of such Guarantor's Guaranty and agrees that all of such terms and provisions remain in full force and effect.

4. Confirmation of Security Interests. Each Loan Party (other than the Special Guarantors) hereby confirms and agrees that all indebtedness, obligations and liabilities of the Loan Parties under the Credit Agreement as amended hereby, whether any such indebtedness, obligations and liabilities are now existing or hereafter arising, due or to become due, absolute or contingent, or direct or indirect, constitute "Secured Obligations" under and as defined in the Credit Agreement and are secured by the Collateral and entitled to the benefits of the grant of security interests pursuant to Article 5 of the Credit Agreement. The Loan Parties (other than the Special Guarantors) hereby ratify and confirm the terms and provisions of Article 5 of the Credit Agreement and agree that, after giving effect to this Amendment, all of such terms and provisions remain in full force and effect.

5. No Default; Representations and Warranties, etc. The Loan Parties hereby confirm that, after giving effect to this Amendment, (i) the representations and warranties of the Loan Parties contained in Article 6 of the Credit Agreement and the other Loan Documents (A) that contain a materiality qualification are true and correct on and as of the date hereof as if made on such date (except to the extent that such representations and warranties expressly relate to an earlier date), and (B) that do not contain a materiality qualification are true and correct in all material respects on and as of the date hereof as if made on such date (except to the extent that such

representations and warranties expressly relate to an earlier date), and (ii) no Default or Event of Default shall have occurred and be continuing. Each Loan Party hereby further represents and warrants that (a) the execution, delivery and performance by such Loan Party of this Amendment (i) have been duly authorized by all necessary action on the part of such Loan Party, (ii) will not violate any applicable law or regulation or the organizational documents of such Loan Party, (iii) will not violate or result in a default under any indenture, agreement or other instrument binding on such Loan Party or any of its assets that will have a Material Adverse Effect, and (iv) do not require any consent, waiver, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or any Person (other than the Agent and the Lenders) which has not been made or obtained; and (b) it has duly executed and delivered this Amendment.

6. Conditions to Effectiveness. This Amendment shall become effective upon the receipt by the Agent of counterparts of this Amendment duly executed by each of the parties hereto or written evidence reasonably satisfactory to the Agent that each of the parties hereto has signed a counterpart of this Amendment.

7. Miscellaneous.

(a) Except to the extent specifically amended hereby, the Credit Agreement, the Loan Documents and all related documents shall remain in full force and effect. This Amendment shall constitute a Loan Document. Whenever the terms or sections amended hereby shall be referred to in the Credit Agreement, Loan Documents or such other documents (whether directly or by incorporation into other defined terms), such defined terms shall be deemed to refer to those terms or sections as amended by this Amendment.

(b) This Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, but all counterparts shall together constitute one instrument. Delivery of an executed counterpart to this Amendment by telecopy or other electronic means shall be effective as an original and shall constitute a representation that an original will be delivered.

(c) This Amendment shall be governed by the laws of the Commonwealth of Massachusetts and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(d) The Loan Parties agree to pay all reasonable expenses, including legal fees and disbursements, incurred by the Agent in connection with this Amendment and the transactions contemplated hereby.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment which shall be deemed to be a sealed instrument as of the date first above written.

BORROWER

AMERESCO, INC.

By: /s/ John R. Granara, III
Name: John R. Granara, III
Title: Executive Vice President & Chief Financial Officer

GUARANTORS

AMERESCO ENERTECH, INC.
AMERESCO FEDERAL SOLUTIONS, INC.
AMERESCO PLANERGY HOUSING, INC.
AMERESCO QUANTUM, INC.
AMERESCO SELECT, INC.
AMERESCOSOLUTIONS, INC.
APPLIED ENERGY GROUP INC.
SIERRA ENERGY COMPANY

By: /s/ John R. Granara, III
Name: John R. Granara, III
Title: Treasurer

AMERESCO SOUTHWEST, INC.

By: /s/ John R. Granara, III
Name: John R. Granara, III
Title: Vice President and Treasurer

E.THREE CUSTOM ENERGY SOLUTIONS, LLC,
By: Sierra Energy Company, its sole member

By: /s/ John R. Granara, III
Name: John R. Granara, III
Title: Treasurer

AMERESCO ASSET SUSTAINABILITY GROUP LLC
AMERESCO CT LLC
AMERESCO DELAWARE ENERGY LLC
AMERESCO EVANSVILLE, LLC
AMERESCO HAWAII LLC
AMERESCO INTELLIGENT SYSTEMS, LLC
AMERESCO LFG HOLDINGS LLC
AMERESCO PALMETTO LLC
AMERESCO SOLAR, LLC
AMERESCO SOLAR NEWBURYPORT LLC
AMERESCO STAFFORD LLC
SELDERA LLC
SOLUTIONS HOLDINGS, LLC

By: Ameresco, Inc., its sole member

By: /s/ John R. Granara, III
Name: John R. Granara, III
Title: Executive Vice President & Chief Financial Officer

AMERESCO SOLAR – PRODUCTS LLC
AMERESCO SOLAR – SOLUTIONS LLC
AMERESCO SOLAR – TECHNOLOGIES LLC
By: Ameresco Solar LLC, its sole member
By: Ameresco, Inc., its sole member

By: /s/ John R. Granara, III
Name: John R. Granara, III
Title: Executive Vice President & Chief Financial Officer

AGENT:

BANK OF AMERICA, N.A.

By: _/s/ Mollie S. Canup____________________
Name: Mollie S. Canup
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.

By: _/s/ Luanne T Smith____________________
Name: Luanne T Smith
Title: VP

WEBSTER BANK, N.A.

By: _/s/ Samuel Pepe______________________
Name: Samuel Pepe
Title: VP

AMENDMENT NO. 8 TO THIRD AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

This AMENDMENT NO. 8 TO THIRD AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT is dated as of June 29, 2018 (this "Amendment"), among AMERESCO, INC. (the "Borrower"), THE GUARANTORS PARTY HERETO (the "Guarantors" and collectively with the Borrower, the "Loan Parties"), THE LENDERS PARTY HERETO (the "Lenders"), and BANK OF AMERICA, N.A., as administrative agent (the "Agent").

WHEREAS, the Loan Parties, the Lenders, and the Agent are parties to that certain Third Amended and Restated Credit and Security Agreement dated as of June 30, 2015, as heretofore amended, among the Borrower, the Guarantors, the Lenders, and the Agent (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Loan Parties, the Agent and the Lenders wish to add an additional Lender, to increase the aggregate amount of the Revolving Commitments to $85,000,000, to increase the Term Loan to $46,000,000, and to make certain other changes to the Credit Agreement, and accordingly revise certain provisions of the Credit Agreement, as described herein;

NOW, THEREFORE, in consideration of the foregoing and the agreements contained herein, the parties agree that the Credit Agreement is hereby amended as follows:

1. Capitalized Terms. Except as otherwise expressly defined herein, all capitalized terms used herein which are defined in the Credit Agreement have the same meanings herein as therein, except to the extent that such meanings are amended hereby.

2. Amendment to Credit Agreement.

(a) Section 1.1 of the Credit Agreement is hereby amended to delete the definitions of "Construction Completion and Cost Overrun Guaranty," "EBITDA," "LC Issuer," "Renewable Energy Subsidiaries," "Revolving Commitment," "Term Loan, "Term Loan Commitment," "Term Loan Lender" and "Total Funded Debt" in their entirety and replace them with the following:

"Construction Completion and Cost Overrun Guaranty" means, in connection with any Non-Core Energy Project, a guaranty of (i) the completion and operation of such Non-Core Energy Project on or prior to the date set forth in such guaranty and (ii) the payment of all construction costs and expenses related to such Non-Core Energy Project in excess of the proposed budget for such Non-Core Energy Project.

"EBITDA" means, for any period, for the Core Ameresco Companies on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Charges for such period, (ii) the provision for federal, state, local and foreign income taxes payable for such period, (iii) depreciation and amortization expense for such period, (iv) Non-Cash Charges for such period, (v) extraordinary or non-recurring expenses for such period, in an amount not to exceed $5,000,000 after the Effective Time (it being understood that any payment required to be made by any Core Ameresco Company in respect of any Non-Core Energy Project Guaranty Liability shall reduce Consolidated Net Income of the Core Ameresco Companies and shall not be added back to EBITDA), and (vi) the aggregate amount received in cash by the Core Ameresco Companies during such period in respect of regularly scheduled dividends or distributions from the Special Purpose Subsidiaries, calculated and paid in accordance with the organizational documents of such Special Purpose Subsidiaries; (provided, that the amount added back pursuant to this clause (vi) shall not include any amounts received by the Core Ameresco Companies, in connection with any sale, transfer or other disposition of assets or Equity Interests of any Special Purpose Subsidiary); minus (b) the following to the extent included in calculating such Consolidated Net Income (i) extraordinary or non-recurring gains during such period (including, without limitation, non-cash gains attributable to the mark to market movement in the valuation of hedging obligations (to the extent the cash impact resulting from such gain has not been realized) or other derivative instruments, and foreign currency translations), and (ii) proceeds received during such period in respect of Casualty Events and Dispositions. For purposes of calculating EBITDA for any period during which a Permitted Acquisition is consummated, EBITDA shall be adjusted in a manner proposed by the Borrower and reasonably satisfactory to the Required Lenders.

"LC Issuer" means Bank of America or any other Lender designated by the Agent in its sole discretion and with the consent of such other Lender in its sole discretion, in each case, in its capacity as an issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

"Renewable Energy Subsidiaries" means (i) each of the Subsidiaries of the Borrower designated by the Borrower as a renewable energy subsidiary on Schedule 6.13 attached hereto as of the Effective Date, as the same may be amended from time to time, and (ii) any other direct or indirect Subsidiary of the Borrower formed for the purpose of (x) financing, constructing and/or operating any project for the construction and operation of a facility to process methane gas from one or more landfill sites and/or convert methane gas, sunlight, wind or biomass into useable energy and/or (y) selling such methane gas and/or energy and related products produced from methane gas, sunlight, wind or biomass.

"Revolving Commitment" means, with respect to each Lender, the commitment of such Lender to make Revolving Loans and to acquire participations in Letters of Credit hereunder, as such commitment may be (a) reduced from time to time pursuant to Sections 2.6 and 2.9, (b) increased from time to time pursuant to Section 2.14, or (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 12.6. The initial maximum amount of each Lender's Revolving Commitment is set forth on Schedule 2.1, or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its Revolving Commitment, as applicable. The aggregate original maximum amount of the Revolving Commitments is (i) equal to $60,000,000 as of the Effective Time, (ii) equal to $75,000,000 as of the Revolving Amendment Effective Time, and (iii) equal to $85,000,000 as of the Amendment No. 8 Effective Time.

"Term Loan" means (i) the $17,142,857.12 Term Loan made by the Lenders to the Borrower at the Effective Time, (ii) at the Term Amendment Effective Time, the $30,000,000 Term Loan of which $20,000,000.03 was advanced by the Term Lenders to the Borrower on the Term Amendment Effective Time for the purpose of repaying outstanding indebtedness under the Revolving Facility, and (iii) at the Amendment No. 8 Effective time, the $46,000,000.00 Term Loan of which $25,000,000.00 will be advanced by the Term Lenders for the purpose of repaying outstanding indebtedness under the Revolving Facility.

"Term Loan Commitment" means with respect to each Term Loan Lender, the agreement of such Lender to retain the outstanding balance of its portion of the Term Loan under the Prior Credit Agreement to the Borrower at the Effective Time, to make additional Term Loan advances to increase the Term Loan to $30,000,000 at the Term Amendment Effective Time, and to make additional Term Loan advances to increase the Term Loan to $46,000,000 at the Amendment No. 8 Effective Time. The aggregate original amount of the Term Loan Commitments, equaling the outstanding balance of the Term Loans under the Prior Credit Agreement, was $17,142,857.12 as of the Effective Time, and $30,000,000.00 as of the Term Amendment Effective Time, and, equaling the aggregate amount of the Term Loan Commitments in effect, is $46,000,000.00 as of the Amendment No. 8 Effective Time. The amount of each Term Loan Lender's Term Loan Commitment is set forth on Schedule 2.1.

"Term Loan Lender" means, (a) a Lender that has a Term Loan Commitment set forth opposite its name on Schedule 2.1 and (i) who, if a Lender at the Effective Time, retained a portion of the Term Loan under the Prior Credit Agreement at the Effective Time, (ii) who, if a Lender a the Term Amendment Effective Time, advanced additional Term Loans as of the Term Amendment Effective Time, and (iii) who advanced additional Term Loans as of the Amendment No. 8 Effective Time, and (b) thereafter, the Lenders from time to time holding an interest in the Term Loan after giving effect to any assignments thereof permitted by Section 12.6.

"Total Funded Debt" means the outstanding principal amount of all Indebtedness of the Core Ameresco Companies determined on a consolidated basis (without duplication) in respect of borrowed money, plus the face amount of letters of credit for which a Core Ameresco Company is an obligor to the extent such letters of credit are not secured by cash deposits, plus any obligations of the Borrower with respect to its Guarantees of the Design-Build Agreement to the extent such obligations are required to be accrued on the consolidated balance sheet of the Core Ameresco Companies in accordance with GAAP, including (i) all Indebtedness described in clauses (a), (b), (c) and (e) of the definition of Indebtedness set forth herein, including all guarantees of any of such Indebtedness, and (ii) all Non-Core Energy Project Guaranty Liabilities, but excluding any Indebtedness incurred by the Loan Parties in connection with any Energy Conservation Project Financing.

(b) Section 1.1 of the Credit Agreement is further hereby amended to delete the defined terms "Renewable Energy Project Guaranty" and "Renewable Energy Project Guaranty Liability" in their entirety and to add the following defined terms in alphabetical order:

"Amendment No. 8" means Amendment No. 8 to Third Amended and Restated Credit Agreement dated as of June 29, 2018, among the Borrower, the Guarantors, the Lenders and the Agent.

"Amendment No. 8 Effective Time" means the date on which each of the conditions of the effectiveness of Amendment No. 8 pursuant to Section 6 thereof has been satisfied.

"Non-Core Energy Project Guaranty" means in connection with any Non-Core Energy Project, (a) any Guarantee (other than a Construction Completion and Cost Overrun Guaranty) by the Borrower of the obligations of the Non-Core Energy Subsidiary in connection with such Non-Core Energy Project and (b) any indemnification by or from the Borrower of the Non-Core Energy Subsidiary's customer or the owner of property used for such Non-Core Energy Project or of a third party purchaser of gas or energy and related products (including heating and cooling) produced from such Non-Core Energy Project; provided, however, that no Non-Core Energy Project Guaranty shall guarantee the Indebtedness of any Person.

"Non-Core Energy Project Guaranty Liability" means, in connection with any Non-Core Energy Project Guaranty, any liability required to be accrued on the consolidated balance sheet of the Core Ameresco Companies in accordance with GAAP, but excluding the Borrower's guaranty of the obligations of Ameresco Evansville.

(c) The second sentence of paragraph (c) of Section 2.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new second sentence of paragraph (c):

Each such Loan Notice must be received by the Agent (i) in the case of a Eurocurrency Borrowing, not later than 11:00 a.m. three Business Days before the date of the proposed Borrowing or (ii) in the case of a Base Rate Borrowing not later than 12:00 noon on the date of the proposed Borrowing (including a Base Rate Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.4(c)), provided further that the Borrower shall use Swingline Loan Borrowings to finance the reimbursement of an LC Disbursement except to the extent that such Borrowings would cause the aggregate principal balance of all Swingline Loans outstanding to exceed the Swingline Commitment, in which case the Borrower may use Base Rate Revolving Credit Borrowings to finance such reimbursement, but only to the extent of such excess.

(d) Paragraph (g) of Section 2.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new paragraph (g):

(g) Revolving Notes. Prior to the Restatement Date, the Borrower shall prepare, execute and deliver to each Revolving Lender requesting a note evidencing the Revolving Loans owed to it a Revolving Note in the principal amount of such Lender's Revolving Commitment. Prior to the Term Amendment Effective Time, the Borrower shall prepare, execute and deliver to each Revolving Lender requesting a replacement note to evidence the Revolving Loans owed to it a Revolving Note in the principal amount of such Lender's Revolving Commitment in effect as of the Term Amendment Effective Time. Prior to the

Revolving Amendment Effective Time, the Borrower shall prepare, execute and deliver to each Revolving Lender requesting a replacement note to evidence the Revolving Loans owed to it a Revolving Note in the principal amount of such Lender's Revolving Commitment in effect as of the Revolving Amendment Effective Time. Prior to the Amendment No. 8 Effective Time, the Borrower shall prepare, execute and deliver to each Revolving Lender requesting a note or a replacement note to evidence the Revolving Loans owed to it a Revolving Note in the principal amount of such Lender's Revolving Commitment in effect as of the Amendment No. 8 Effective Time. Thereafter, the Revolving Loans of each Revolving Lender evidenced by such Revolving Note and interest thereon shall at all times (including after assignment pursuant to Section 12.6) be represented by one or more promissory notes in such form payable to the order of the payee named therein.

(e) Paragraphs (a) and (e) of Section 2.2. of the Credit Agreement are hereby deleted in their entirety and replaced with the following new paragraphs (a) and (e):

(a) Funding of the Term Loan. Subject to the terms and conditions set forth herein, each Term Loan Lender that was a Lender under the Prior Credit Agreement agrees to retain its portion of the Term Loan outstanding under the Prior Credit Agreement in Dollars in the full amount of its Term Loan Commitment at the Effective Time. Subject to the terms and conditions set forth in Amendment No. 4, each Lender that is a Lender a the Term Amendment Effective Date shall make an additional Term Loan to the Borrower so that the aggregate amount of the Term Loan as of the Term Amendment Effective Time shall be increased to the amount of such Term Lender's Term Loan Commitment as of the Term Amendment Effective Time. Subject to the terms and conditions set forth in Amendment No. 8, each Lender shall make an additional Term Loan to the Borrower so that the aggregate amount of the Term Loan as of the Amendment No. 8 Effective Time shall be increased to the amount of such Term Lender's Term Loan Commitment as of the Amendment No. 8 Effective Time. From and after the Amendment No. 8 Effective Time, all references to the Term Loan shall refer to the Term Loan as so increased. Principal amounts of the Term Loan that have been repaid or prepaid may not be reborrowed.

(e) Term Note. Prior to the Effective Time, the Borrower shall prepare, execute and deliver to each Term Loan Lender requesting a note to evidence the Term Loans owed to it a Term Note in the principal amount of such Lender's Term Loan Commitment. Prior to the Term Amendment Effective Time, the Borrower shall prepare, execute and deliver to each Term Loan Lender requesting a replacement note to evidence the Term Loans owed to it a Term Note in the principal amount of such Lender's Term Loan Commitment in effect as of the Term Amendment Effective Time. Prior to the Amendment No. 8 Effective Time, the Borrower shall prepare, execute and deliver to each Term Loan Lender requesting a note or a replacement note to evidence the Term Loans owed to it a Term Note in the principal amount of such Lender's Term Loan Commitment in effect as of the Amendment No. 8 Effective Time. Thereafter, such Term Loan Lender's portion of the Term Loan evidenced by such Term Note and interest thereon shall at all times (including after assignment pursuant to Section 12.6) be represented by one or more promissory notes in such form payable to the order of the payee named therein.

(f) Section 6.21 of the Credit Agreement is hereby amended by deleting the words "Renewable Energy Project Guaranties" on the second line thereof and substituting the words "Non-Core Energy Project Guaranties" in place thereof.

(g) The second sentence of Section 8.5 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new second sentence of Section 8.5:

> Without limiting the generality of the foregoing, the Loan Parties will maintain or cause to be maintained replacement value casualty insurance on the Collateral under such policies of insurance and flood insurance on all Additional Mortgaged Property in compliance with applicable flood laws and regulations, in each case with such insurance companies, in such amounts, with such deductibles, and covering such terms and risks as are standard and customary, available on commercially reasonable terms and at all times satisfactory to the Agent in its commercially reasonable judgment.

(h) Section 8.13 of the Credit Agreement is hereby amended to add a new paragraph (d) immediately following paragraph (c) of that section, to read as follows:

> (d) Notwithstanding anything contained in this Agreement to the contrary, no Mortgage shall be executed and delivered with respect to any real property unless and until each Lender (i) has received, at least twenty business days prior to such execution and delivery, a life of loan flood zone determination and such other documents as it may reasonably request to complete its flood insurance due diligence and (ii) has confirmed to the Agent that flood insurance due diligence and flood insurance compliance has been completed to its satisfaction.

(i) Paragraph (g) of Section 9.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new paragraph (g):

> (g) Indebtedness incurred by any Loan Party or Canadian Subsidiary under an Energy Conservation Project Financing (including, without limitation, Indebtedness incurred by the Loan Parties under an Energy Conservation Project Financing existing as of the Restatement Date and set forth on Schedule 9.1 attached hereto) in an aggregate principal amount outstanding at any time not in excess of $500,000,000;

(j) Paragraphs (m) and (n) of Section 9.1 of the Credit Agreement are hereby redesignated as paragraphs (n) and (o), respectively, and a new paragraph (m) is hereby added immediately following paragraph (l) to read as follows:

> (m) Indebtedness incurred by a Foreign Subsidiary that is a Non-Core Energy Subsidiary;

(k) Paragraphs (i) and (j) of Section 9.2 of the Credit Agreement are hereby redesignated as paragraphs (j) and (k), respectively, and a new paragraph (i) is hereby added immediately following paragraph (h) to read as follows:

> (i) Liens on assets of a Foreign Subsidiary that is a Non-Core Energy Subsidiary to secure Indebtedness permitted under Section 9.1(m);

(l) Paragraphs (f) and (h) of Section 9.3 of the Credit Agreement are hereby deleted in their entirety and replaced with the following new paragraphs (f) and (h):

(f) any Construction Completion and Cost Overrun Guaranty delivered by the Borrower in connection with a Non-Core Energy Project;

(h) any Non-Core Energy Project Guaranty delivered by the Borrower in connection with a Non-Core Energy Project, provided, however, that:

(i) one or more of the Core Domestic Ameresco Companies or Non-Core Energy Subsidiaries shall control the operation and maintenance of the Non-Core Energy Project during the term of the renewable energy purchase or infrastructure agreement with respect to such None Core Energy Project; and

(ii) in connection with the delivery of any Non-Core Energy Project Guaranty, the Borrower shall deliver to the Agent (A) prior to the delivery of such Non-Core Energy Project Guaranty, a certificate executed by the Chief Financial Officer of the Borrower certifying (based upon such consultation with the Borrower's independent certified public accountants as the Borrower shall reasonably deem appropriate) that, in accordance with GAAP, such Non-Core Energy Project Guaranty will not result in the accrual of a liability upon the consolidated balance sheet of the Core Ameresco Companies for the fiscal period during which such Non-Core Energy Project Guaranty is delivered; (B) a copy of such Non-Core Energy Project Guaranty and all other documents related thereto; and (C) such other information or reports as the Agent may reasonably request with respect to such Non-Core Energy Project Guaranty;

(m) Paragraph (i) of Section 9.3 of the Credit Agreement is hereby amended to delete the word "and" at the end thereof, and paragraph (j) is hereby deleted in its entirety and replaced with the following new paragraphs (j) and (k):

(j) Obligations of Ameresco Canada or the Borrower under one or more letters of credit to secure a part of the obligations of Ameresco Canada under the Design-Build Agreement, provided that the aggregate of such obligations of the Borrower and Ameresco Canada under this paragraph (j) shall not exceed 10% of the contract price under the Design-Build Agreement, and provided, further, that the obligations of the Borrower under this paragraph (j) shall be a part of and not exceed the obligations of the Borrower under paragraph (i) of this Section 9.3; and

(k) Guarantees by a Foreign Subsidiary that is a Non-Core Energy Subsidiary.

(n) Clause (xiii) of paragraph (c) of Section 9.4 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new clause (xiii) of paragraph (c):

(xiii) any Loan Party may sell, transfer assign or otherwise dispose of the assets of any Non-Core Energy Project or the Equity Interests of a Special Purpose Subsidiary (other than the Hawaii Joint Venture); and

(o) Paragraph (d)(ii) of Section 9.4 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new paragraph (d)(ii):

> (ii) both immediately prior to and after giving effect to such Permitted Acquisition on a Pro Forma Basis incorporating such pro-forma assumptions as are satisfactory to the Agent in its reasonable discretion,(A) the Loan Parties shall be in compliance with the financial covenant set forth in Section 9.10(b) hereof, (B) the Core Leverage Ratio shall not exceed 2.50 to 1.00, and (C) the sum of unrestricted cash plus the amount of the Revolving Commitment available to be borrowed under Section 2.1 shall not be less than $25,000,000;

(p) Paragraph (a) of Section 9.10 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new paragraph (a):

> (a) Total Funded Debt to EBITDA Ratio. The Loan Parties shall not permit the Core Leverage Ratio (i) as of the end of each fiscal quarter ending on or before June 30, 2016, to exceed 2.00 to 1.00, (ii) as of the end of each fiscal quarter ending on or after September 30, 2016, and on or before March 31, 2018, to exceed 2.75 to 1.00 and (iii) as of the end of each fiscal quarter ending June 30, 2018, and thereafter to exceed 3.00 to 1.00.

(q) Paragraph (a)(iv) of Section 12.2 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new paragraph (a)(iv):

> (iv) except as expressly set forth in clause (x) below, change Section 2.9(c) in a manner that would alter the application of prepayments thereunder, or change Section 2.8(b), Section 2.8(g) or Section 10.3 in a manner that would alter the order or pro rata sharing of payments required thereby, without in each case the written consent of each Lender;

(r) Section 12.5 of the Credit Agreement is hereby deleted in its entirety and replaced with "Reserved."

(s) Section 12.25 of the Credit Agreement is hereby deleted in its entirety and replaced with the following new Section 12.25:

> **12.25. Lender Status.** Each Lender represents and warrants as of the Amendment No. 8 Effective Time to the Agent and its Affiliates, and not, for the avoidance of doubt, for the benefit of the Borrower or any other Loan Party, that such Lender is not and will not thereafter be (i) an employee benefit plan subject to Title I of the ERISA, (ii) a plan or account subject to Section 4975 of the Code, (iii) an entity deemed to hold "plan assets" of any such plans or accounts for purposes of ERISA or the Code, or (iv) a "governmental plan" within the meaning of ERISA.

(t) Schedule 1.1(c) of the Credit Agreement is deleted in its entirety and replaced with the Schedule 1.1(c) attached hereto.

(u) Schedule 2.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the Schedule 2.1 attached hereto. Upon the Amendment No. 8 Effective Date (i) SunTrust Bank shall be a Lender under the Credit Agreement; (ii) the Term Loan shall be increased by $25,000,000 to reduce the Revolving Loan balances by the same amount, and the Term Loan balances shall be adjusted in accordance with Schedule 2.1, and (iii) the Revolving Credit Commitments shall be adjusted in accordance with Schedule 2.1, and the remaining Revolving Loan balances shall be adjusted in accordance with the Revolving Credit Commitments.

(v) Notwithstanding the limitations in Sections 9.7 and 9.14 of the Credit Agreement, the Agent and the Lenders hereby consent to the conversion by the Borrower of all or any part of its loans to Ameresco Canada into equity in Ameresco Canada.

3. Confirmation of Guaranty by Guarantors. Each Guarantor hereby confirms and agrees that all indebtedness, obligations or liability of the Borrower under the Credit Agreement as amended hereby, whether any such indebtedness, obligations and liabilities are now existing or hereafter arising, due or to become due, absolute or contingent, or direct or indirect, constitute "Guaranteed Obligations" under and as defined in the Credit Agreement and, subject to the limitation set forth in Section 4.1 of the Credit Agreement, are guaranteed by and entitled to the benefits of the Guaranty set forth in Article 4 of the Credit Agreement. Each Guarantor hereby ratifies and confirms the terms and provisions of such Guarantor's Guaranty and agrees that all of such terms and provisions remain in full force and effect.

4. Confirmation of Security Interests. Each Loan Party (other than the Special Guarantors) hereby confirms and agrees that all indebtedness, obligations and liabilities of the Loan Parties under the Credit Agreement as amended hereby, whether any such indebtedness, obligations and liabilities are now existing or hereafter arising, due or to become due, absolute or contingent, or direct or indirect, constitute "Secured Obligations" under and as defined in the Credit Agreement and are secured by the Collateral and entitled to the benefits of the grant of security interests pursuant to Article 5 of the Credit Agreement. The Loan Parties (other than the Special Guarantors) hereby ratify and confirm the terms and provisions of Article 5 of the Credit Agreement and agree that, after giving effect to this Amendment, all of such terms and provisions remain in full force and effect.

5. No Default; Representations and Warranties, etc. The Loan Parties hereby confirm that, after giving effect to this Amendment, (i) the representations and warranties of the Loan Parties contained in Article 6 of the Credit Agreement and the other Loan Documents (A) that contain a materiality qualification are true and correct on and as of the date hereof as if made on such date (except to the extent that such representations and warranties expressly relate to an earlier date), and (B) that do not contain a materiality qualification are true and correct in all material respects on and as of the date hereof as if made on such date (except to the extent that such representations and warranties expressly relate to an earlier date), and (ii) no Default or Event of Default shall have occurred and be continuing. Each Loan Party hereby further represents and warrants that (a) the execution, delivery and performance by such Loan Party of this Amendment (i) have been duly authorized by all necessary action on the part of such Loan Party, (ii) will not violate any applicable law or regulation or the organizational documents of such Loan Party, (iii) will not violate or result in a default under any indenture, agreement or other instrument binding on such Loan Party or any of its assets that will have a Material Adverse Effect, and (iv) do not

require any consent, waiver, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or any Person (other than the Agent and the Lenders) which has not been made or obtained; and (b) it has duly executed and delivered this Amendment.

6. Conditions to Effectiveness. This Amendment shall become effective upon the receipt by the Agent of all of the following:

(a) counterparts of this Amendment duly executed by each of the parties hereto or written evidence reasonably satisfactory to the Agent that each of the parties hereto has signed a counterpart of this Amendment;

(b) duly completed and executed replacement Revolving Notes and Term Notes for the account of each Revolving Lender and Term Lender requesting the same, to be delivered to such Lender, where applicable, in exchange for such Lender's existing Revolving Note and Term Note;

(c) such documents and certificates as the Agent or Special Counsel may reasonably request relating to the organization, existence and good standing of each Loan Party, the authorization of the transactions contemplated hereby and any other legal matters relating to the Loan Parties, this Amendment or the other Loan Documents, all in form and substance reasonably satisfactory to the Agent and Special Counsel;

(d) evidence satisfactory to the Agent and its Special Counsel that the Loan Parties (other than the Special Guarantors) shall have taken or caused to be taken (or authorized the Agent to take or cause to be taken) all such actions, executed and delivered or caused to be executed and delivered all such agreements, documents and instruments and made or caused to be made all such filings and recordings (other than filings or recordings to be made by the Agent on or after the Amendment No. 8 Effective Time) that may be necessary or, in the opinion of the Agent, desirable in order to create in favor of the Agent, for the benefit of the Lenders, valid and (upon such filing and recording) perfected First Priority security interests in the entire personal and mixed property Collateral;

(e) a certificate, dated the Amendment No. 8 Effective Time and signed by a Responsible Officer, confirming compliance with the conditions set forth in the first sentence of Section 5 of this Amendment at the Amendment No. 8 Effective Time;

(f) favorable written opinions (addressed to the Agent and dated the Revolving Amendment Effective Time) of (i) Morgan, Lewis & Bockius LLP, counsel to the Loan Parties, in form and substance reasonably satisfactory to the Agent and Special Counsel and covering such matters relating to the Loan Parties, this Amendment, the other Loan Documents or the transactions contemplated hereby as the Agent shall reasonably request and (ii) local counsel to the Loan Parties in the following jurisdictions: Arizona, North Carolina, Nevada, Kentucky, Tennessee, Washington, and Ontario, Canada; and

(g) payment by the Borrower to the Agent for the benefit of the Agent and the Lenders of the amounts provided in a fee letter dated June 22, 2018, between the Borrower and the Agent.

7. Miscellaneous.

(a) Except to the extent specifically amended hereby, the Credit Agreement, the Loan Documents and all related documents shall remain in full force and effect. This Amendment shall constitute a Loan Document. Whenever the terms or sections amended hereby shall be referred to in the Credit Agreement, Loan Documents or such other documents (whether directly or by incorporation into other defined terms), such defined terms shall be deemed to refer to those terms or sections as amended by this Amendment.

(b) This Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, but all counterparts shall together constitute one instrument. Delivery of an executed counterpart to this Amendment by telecopy or other electronic means shall be effective as an original and shall constitute a representation that an original will be delivered.

(c) This Amendment shall be governed by the laws of the Commonwealth of Massachusetts and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(d) The Loan Parties agree to pay all reasonable expenses, including legal fees and disbursements, incurred by the Agent in connection with this Amendment and the transactions contemplated hereby.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment which shall be deemed to be a sealed instrument as of the date first above written.

BORROWER

AMERESCO, INC.

By: /s/ John R. Granara, III
John R. Granara, III
Executive Vice President & Chief Financial Officer

GUARANTORS

AMERESCO ENERTECH, INC.
AMERESCO FEDERAL SOLUTIONS, INC.
AMERESCO PLANERGY HOUSING, INC.
AMERESCO QUANTUM, INC.
AMERESCO SELECT, INC.
AMERESCOSOLUTIONS, INC.
APPLIED ENERGY GROUP INC.
SIERRA ENERGY COMPANY

By: /s/ John R. Granara, III
John R. Granara, III
Treasurer

AMERESCO SOUTHWEST, INC.

By: /s/ John R. Granara, III
John R. Granara, III
Vice President and Treasurer

E.THREE CUSTOM ENERGY SOLUTIONS, LLC,
By: Sierra Energy Company, its sole member

By: /s/ John R. Granara, III
John R. Granara, III
Treasurer

AMERESCO ASSET SUSTAINABILITY GROUP LLC
AMERESCO CT LLC
AMERESCO DELAWARE ENERGY LLC
AMERESCO EVANSVILLE, LLC
AMERESCO HAWAII LLC
AMERESCO INTELLIGENT SYSTEMS, LLC
AMERESCO LFG HOLDINGS LLC
AMERESCO NAVY YARD PEAKER LLC
AMERESCO PALMETTO LLC
AMERESCO SOLAR, LLC
AMERESCO SOLAR NEWBURYPORT LLC
AMERESCO STAFFORD LLC
SELDERA LLC
SOLUTIONS HOLDINGS, LLC

By: Ameresco, Inc., its sole member

By: /s/ John R. Granara, III
John R. Granara, III
Executive Vice President & Chief Financial Officer

AMERESCO SOLAR – PRODUCTS LLC
AMERESCO SOLAR – SOLUTIONS LLC
AMERESCO SOLAR – TECHNOLOGIES LLC
By: Ameresco Solar LLC, its sole member
By: Ameresco, Inc., its sole member

By: /s/ John R. Granara, III
John R. Granara, III
Executive Vice President & Chief Financial Officer

AGENT:

BANK OF AMERICA, N.A.

By: _/s/ Mollie S. Canup________________________
Name: Mollie S. Canup
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.

By: _/s/ Luanne T. Smith______________________
Name: Luanne T. Smith
Title: Vice President

WEBSTER BANK, N.A.

By: _/s/ Samuel C Pepe________________________
Name: Samuel C Pepe
Title: V.P.

SUNTRUST BANK

By: _/s/ Arize Agumadu________________________
Name: Arize Agumada
Title: Vice President

Schedule 1.1(c)

Agent and Lenders Notice Addresses

Administrative Agent & Swingline Lender Office:
(For financial/loan activity – advances, pay down, interest/fee billing and payments, rollovers, rate-settings):
Charles Hensley
Mailcode: NC1-001-05-46
ONE INDEPENDENCE CENTER
101 N TRYON STREET
CHARLOTTE, NC 28255-0001
PHONE – 980-388-3225
FAX - 704-719-5362
EMAIL: charles.hensley@baml.com

Remittance Instructions: (See Admin Details Form for wiring instructions in applicable currencies)

LC Issuer's Office:
(For fee payments due LC Issuer only and new LC requests and amendments):
Trade Operations
Mail Code: PA6-580-02-30
1 Fleet Way
Scranton, PA 18507
FAX: 800-755-8743
EMAIL: scranton_standby_LC@bankofamerica.com

Remittance Instructions:
Bank of America, N.A. Charlotte, NC
ABA #: 026-009-593 New York, NY
Account #: 04535-883980
Attn: Scranton Standby
Ref: AMERESCO INC & LC #

Other Notices as Administrative Agent:
(For financial statements, compliance certificates, maturity extension and commitment change notices, amendments, consents, vote taking, etc.)
Bank of America – Gateway Village
Mail Code: NC1-026-06-03
900 West Trade Street
Charlotte NC 28255-0001
Attention: Mollie S. Canup
PHONE: 980-387-5449
FAX: 704.409.0011
EMAIL: mollie.s.canup@baml.com

Webster Bank Lender Office:
Webster Bank, N.A.
100 Franklin Street
Mail Code: BOS 105
Boston, MA 02110
Attention: Ann M. Meade, Senior Vice President
PHONE: 617-717-6832
FAX: 860-314-4844
EMAIL: Ameade@websterbank

Remittance Instructions:
Webster Bank, N.A.
ABA # 211170101
Account #: 19124483
Attn: Loan Support Services – Linda Angelillo
Ref: Incoming Wires – Commercial Loans

SunTrust Bank Lender Office:
SunTrust Bank
3333 Peachtree Street Road NE
Atlanta, GA 30326
Attention: Arize Agumadu, Vice President
Phone: 404-836-6113
Email: Arize.Agumadu@suntrust.com
and
Attention: James Thwaite
Phone: 404-836-6033
Email: James.Thwaite@suntrust.com

For remittance instructions and financial/loan activity – advances, pay down, interest/fee billing and payments, rollovers, rate-settings):
SunTrust Bank
303 Peachtree Street NE, 25th Floor
Atlanta, GA 30308
Attention: James Wu
Phone: 404-588-7157
Fax: 844-278-8501
Email: James.Wu@suntrust.com

Schedule 2.1

Lenders and Commitments

Revolving Credit Commitment

Lender	Commitment	Applicable percentage
Bank of America, N.A.	$46,717,557.00	54.961832061%
Webster Bank, N.A.	$22,061,069.00	25.954198473%
SunTrust Bank	$16,221,374.00	19.083969466%
Total Revolving Credit Commitments:	**$85,000,000.00**	**100%**

Term Loan Commitment

Lender	Commitment	Applicable percentage
Bank of America, N.A.	$25,282,443.00	54.961832061%
Webster Bank, N.A.	$11,938,931.00	25.954198473%
SunTrust Bank	$8,778,626.00	19.083969466%
Total Term Loan Commitments:	**$46,000,000.00**	**100%**

Swing Line Commitment

Lender	Commitment	Applicable percentage
Bank of America, N.A.	$5,000,000	100%
Total Swing Line Commitments:	**$5,000,000**	**100%**

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, George P. Sakellaris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ameresco, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 8, 2018

/s/ George P. Sakellaris

George P. Sakellaris
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, John R. Granara, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ameresco, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 8, 2018

/s/ John R. Granara, III

John R. Granara, III
Executive Vice President and Chief Financial Officer
(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ameresco, Inc. (the "Company") to which this certification is attached and as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2018	/s/ George P. Sakellaris
	George P. Sakellaris President and Chief Executive Officer (principal executive officer)
Date: August 8, 2018	/s/ John R. Granara, III
	John R. Granara, III Executive Vice President and Chief Financial Officer (principal financial officer)