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, 2020

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 pursuant 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	New York Stock Exchange Symbol	Shares outstanding as of July 30 , 2020
Class A Common Stock, $0.0001 par value per share	AMRC	29,726,702
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, 2020
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AMERESCO, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	June 30, 2020 (Unaudited)	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents [1]	$ 41,881	$ 33,223
Restricted cash [1]	15,171	20,006
Accounts receivable, net of allowance of $1,988 and $2,260, respectively [1]	86,017	95,863
Accounts receivable retainage, net	19,119	16,976
Costs and estimated earnings in excess of billings [1]	195,391	202,243
Inventory, net	9,001	9,236
Prepaid expenses and other current assets [1]	27,527	29,424
Income tax receivable	11,940	5,033
Project development costs	16,379	13,188
Total current assets [1]	422,426	425,192
Federal ESPC receivable	274,219	230,616
Property and equipment, net [1]	9,797	10,104
Energy assets, net [1]	637,618	579,461
Goodwill	57,838	58,414
Intangible assets, net	1,232	1,614
Operating lease assets [1]	35,829	32,791
Other assets [1]	20,573	35,821
Total assets [1]	$ 1,459,532	$ 1,374,013
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portions of long-term debt and financing lease liabilities [1]	$ 44,216	$ 69,969
Accounts payable [1]	162,401	202,416
Accrued expenses and other current liabilities [1]	26,249	31,356
Current portions of operating lease liabilities [1]	5,216	5,802
Billings in excess of cost and estimated earnings	34,896	26,618
Income taxes payable	—	486
Total current liabilities [1]	272,978	336,647
Long-term debt and financing lease liabilities, net of current portions and deferred financing fees [1]	295,048	266,181
Federal ESPC liabilities	334,724	245,037
Deferred income taxes, net	3,218	115
Deferred grant income	6,572	6,885
Long-term operating lease liabilities, net of current portion [1]	32,698	29,101
Other liabilities [1]	38,318	29,575
Commitments and contingencies (Note 9)		
Redeemable non-controlling interests	36,303	31,616

[1] Includes restricted assets of consolidated variable interest entities ("VIEs") at June 30, 2020 and December 31, 2019 of $ 164,298 and $158,912, respectively. Includes non-recourse liabilities of consolidated VIEs at June 30, 2020 and December 31, 2019 of $36,104 and $38,568, respectively. See Note 12.

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

AMERESCO, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)

(in thousands, except share amounts)

	June 30, 2020 (Unaudited)	December 31, 2019
Stockholders' equity:		
Preferred stock, $0.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2020 and December 31, 2019	$ —	$ —
Class A common stock, $0.0001 par value, 500,000,000 shares authorized, 31,819,897 shares issued and 29,718,102 shares outstanding at June 30, 2020, 31,331,345 shares issued and 29,230,005 shares outstanding at December 31, 2019	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, 2020 and December 31, 2019	2	2
Additional paid-in capital	139,625	133,688
Retained earnings	325,025	314,459
Accumulated other comprehensive loss, net	(13,194)	(7,514)
Treasury stock, at cost, 2,101,795 shares at June 30, 2020 and 2,101,340 shares at December 31, 2019	(11,788)	(11,782)
Total stockholders' equity	439,673	428,856
Total liabilities, redeemable non-controlling interests and stockholders' equity	$ 1,459,532	$ 1,374,013

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

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

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenues	$ 223,036	$ 198,183	$ 435,449	$ 348,295
Cost of revenues	183,528	155,044	357,495	272,524
Gross profit	39,508	43,139	77,954	75,771
Selling, general and administrative expenses	26,620	30,082	55,544	56,165
Operating income	12,888	13,057	22,410	19,606
Other expenses, net	4,052	3,746	9,441	7,167
Income before (benefit) provision for income taxes	8,836	9,311	12,969	12,439
Income tax (benefit) provision	—	804	(2,503)	1,061
Net income	8,836	8,507	15,472	11,378
Net loss (income) attributable to redeemable non-controlling interests	(4,471)	709	(4,906)	1,985
Net income attributable to common shareholders	$ 4,365	$ 9,216	$ 10,566	$ 13,363
Net income per share attributable to common shareholders:				
Basic	$ 0.09	$ 0.20	$ 0.22	$ 0.29
Diluted	$ 0.09	$ 0.19	$ 0.22	$ 0.28
Weighted average common shares outstanding:				
Basic	47,488	46,387	47,500	46,340
Diluted	48,519	47,681	48,571	47,666

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

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

	Three Months Ended June 30,	
	2020	**2019**
Net income	$ 8,836	$ 8,507
Other comprehensive income (loss):		
Unrealized loss from interest rate hedges, net of tax effect of $(221) and $(573), respectively	(585)	(1,672)
Foreign currency translation adjustments	682	39
Total other comprehensive income (loss)	97	(1,633)
Comprehensive income	8,933	6,874
Comprehensive loss (income) attributable to redeemable non-controlling interests	(4,471)	709
Comprehensive income attributable to common shareholders	$ 4,462	$ 7,583

	Six Months Ended June 30,	
	2020	**2019**
Net income	$ 15,472	$ 11,378
Other comprehensive (loss) income:		
Unrealized loss from interest rate hedges, net of tax effect of $(1,408) and $(898), respectively	(4,050)	(2,814)
Foreign currency translation adjustments	(1,630)	645
Total other comprehensive loss	(5,680)	(2,169)
Comprehensive income	9,792	9,209
Comprehensive loss (income) attributable to redeemable non-controlling interests	(4,906)	1,985
Comprehensive income attributable to common shareholders	$ 4,886	$ 11,194

AMERESCO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED June 30, 2020 AND 2019
(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, March 31, 2019	$ 13,341	28,337,426	$ 3	18,000,000	$ 2	$ 125,685	$ 274,170	$ (6,485)	2,091,040	$ (11,638)	$ 381,737
Exercise of stock options	—	53,344	—	—	—	306	—	—	—	—	306
Stock-based compensation expense	—	—	—	—	—	397	—	—	—	—	397
Employee stock purchase plan	—	22,124	—	—	—	305	—	—	—	—	305
Unrealized loss from interest rate hedges, net	—	—	—	—	—	—	—	(1,672)	—	—	(1,672)
Foreign currency translation adjustment	—	—	—	—	—	—	—	39	—	—	39
Contributions from redeemable non-controlling interests	19,508	—	—	—	—	—	—	—	—	—	—
Distributions to redeemable non-controlling interests	(103)	—	—	—	—	—	—	—	—	—	—
Net (loss) income	(709)	—	—	—	—	—	9,216	—	—	—	9,216
Balance, June 30, 2019	$ 32,037	28,412,894	$ 3	18,000,000	$ 2	$ 126,693	$ 283,386	$ (8,118)	2,091,040	$ (11,638)	$ 390,328
Balance, March 31, 2020	$ 31,939	29,510,161	$ 3	18,000,000	$ 2	$ 136,591	$ 320,660	$ (13,291)	2,101,795	$ (11,788)	$ 432,177
Exercise of stock options	—	179,639	—	—	—	2,164	—	—	—	—	2,164
Stock-based compensation expense	—	—	—	—	—	430	—	—	—	—	430
Employee stock purchase plan	—	28,302	—	—	—	440	—	—	—	—	440
Unrealized loss from interest rate hedges, net	—	—	—	—	—	—	—	(585)	—	—	(585)
Foreign currency translation adjustment	—	—	—	—	—	—	—	682	—	—	682
Contributions from redeemable non-controlling interests	488	—	—	—	—	—	—	—	—	—	—
Distributions to redeemable non-controlling interests	(595)	—	—	—	—	—	—	—	—	—	—
Net income	4,471	—	—	—	—	—	4,365	—	—	—	4,365
Balance, June 30, 2020	$ 36,303	29,718,102	$ 3	18,000,000	$ 2	$ 139,625	$ 325,025	$ (13,194)	2,101,795	$ (11,788)	$ 439,673

	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, 2018	$ 14,719	28,275,506	$ 3	18,000,000	$ 2	$ 124,651	$ 269,806	$ (5,949)	2,091,040	$ (11,638)	$ 376,875
Cumulative impact from the adoption of ASU No. 2014-09	—	—	—	—	—	—	217	(217)	—	—	—
Exercise of stock options	—	115,264	—	—	—	955	—	—	—	—	955
Stock-based compensation expense	—	—	—	—	—	782	—	—	—	—	782
Employee stock purchase plan	—	22,124	—	—	—	305	—	—	—	—	305
Unrealized loss from interest rate hedges, net	—	—	—	—	—	—	—	(2,597)	—	—	(2,597)
Foreign currency translation adjustment	—	—	—	—	—	—	—	645	—	—	645
Contributions from redeemable non-controlling interests	19,508	—	—	—	—	—	—	—	—	—	—
Distributions to redeemable non-controlling interests	(205)	—	—	—	—	—	—	—	—	—	—
Net (loss) income	(1,985)	—	—	—	—	—	13,363	—	—	—	13,363
Balance, June 30, 2019	$ 32,037	28,412,894	$ 3	18,000,000	$ 2	$ 126,693	$ 283,386	$ (8,118)	2,091,040	$ (11,638)	$ 390,328
Balance, December 31, 2019	$ 31,616	29,230,005	$ 3	18,000,000	$ 2	$ 133,688	$ 314,459	$ (7,514)	2,101,340	$ (11,782)	$ 428,856
Exercise of stock options	—	460,250	—	—	—	4,638	—	—	—	—	4,638
Stock-based compensation expense	—	—	—	—	—	859	—	—	—	—	859
Employee stock purchase plan	—	28,302	—	—	—	440	—	—	—	—	440
Open market purchase of common shares	—	(455)	—	—	—	—	—	—	455	(6)	(6)
Unrealized loss from interest rate hedges, net	—	—	—	—	—	—	—	(4,050)	—	—	(4,050)
Foreign currency translation adjustment	—	—	—	—	—	—	—	(1,630)	—	—	(1,630)
Contributions from redeemable non-controlling interests	488	—	—	—	—	—	—	—	—	—	—
Distributions to redeemable non-controlling interests	(707)	—	—	—	—	—	—	—	—	—	—
Net income	4,906	—	—	—	—	—	10,566	—	—	—	10,566
Balance, June 30, 2020	$ 36,303	29,718,102	$ 3	18,000,000	$ 2	$ 139,625	$ 325,025	$ (13,194)	2,101,795	$ (11,788)	$ 439,673

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

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

	Six Months Ended June 30,	
	2020	**2019**
Cash flows from operating activities:		
Net income	$ 15,472	$ 11,378
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation of energy assets	18,949	17,495
Depreciation of property and equipment	1,659	1,351
Amortization of debt discount and deferred financing fees	1,176	1,218
Amortization of intangible assets	356	457
Accretion of ARO and contingent consideration	43	62
Provision (recoveries) for bad debts	(80)	124
Gain on deconsolidation of VIE	—	(2,160)
Net loss (gain) from derivatives	517	(888)
Stock-based compensation expense	859	782
Deferred income taxes	4,619	152
Unrealized foreign exchange loss	201	10
Changes in operating assets and liabilities:		
Accounts receivable	12,125	(22,744)
Accounts receivable retainage	(2,222)	(1,784)
Federal ESPC receivable	(89,761)	(61,849)
Inventory, net	235	(1,454)
Costs and estimated earnings in excess of billings	6,410	(18,848)
Prepaid expenses and other current assets	1,857	(5,199)
Project development costs	(2,758)	(1,703)
Other assets	516	(1,005)
Accounts payable, accrued expenses and other current liabilities	(45,256)	(26,560)
Billings in excess of cost and estimated earnings	8,569	(664)
Other liabilities	316	(137)
Income taxes payable, net	(7,396)	2,712
Cash flows from operating activities	(73,594)	(109,254)
Cash flows from investing activities:		
Purchases of property and equipment	(1,355)	(2,810)
Purchases of energy assets	(77,218)	(46,466)
Acquisitions, net of cash received	—	(1,279)
Contributions to equity investment	(127)	(191)
Cash flows from investing activities	(78,700)	(50,746)

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

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

	Six Months Ended June 30,	
	2020	2019
Cash flows from financing activities:		
Payments of financing fees	$ (2,198)	$ (447)
Proceeds from exercises of options and ESPP	5,078	1,260
Repurchase of common stock	(6)	—
Proceeds from senior secured credit facility, net	16,000	41,365
Proceeds from long-term debt financings	14,232	2,742
Proceeds from Federal ESPC projects	133,598	82,787
Proceeds for energy assets from Federal ESPC	1,488	1,842
Proceeds from investments by redeemable non-controlling interests, net	74	19,301
Payments on long-term debt	(25,860)	(13,187)
Cash flows from financing activities	142,406	135,663
Effect of exchange rate changes on cash	(457)	100
Net decrease in cash, cash equivalents, and restricted cash	(10,345)	(24,237)
Cash, cash equivalents, and restricted cash, beginning of period	77,264	97,914
Cash, cash equivalents, and restricted cash, end of period	$ 66,919	$ 73,677
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 10,499	$ 8,194
Cash paid for income taxes	$ 382	$ 1,807
Non-cash Federal ESPC settlement	$ 43,368	$ 214,444
Accrued purchases of energy assets	$ 35,705	$ 18,694
Conversion of revolver to term loan	$ —	$ 25,000

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

	Six Months Ended June 30,	
	2020	2019
Cash and cash equivalents	$ 41,881	$ 38,343
Short-term restricted cash	15,171	13,530
Long-term restricted cash included in other assets	9,867	21,804
Total cash and cash equivalents, and restricted cash	$ 66,919	$ 73,677

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

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements of Ameresco, Inc. (including its subsidiaries, the "Company") 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.

The results of operations for the three and six months ended June 30, 2020 are not necessarily indicative of results which may be expected for the full year. The December 31, 2019 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, 2019, and notes thereto, included in the Company's annual report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission on March 4, 2020.

SIGNIFICANT RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency.

The Company's condensed consolidated financial statements reflect estimates and assumptions made by management that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and reported amounts of revenue and expenses during the reporting periods presented. The Company considered the impact of COVID-19 on the assumptions and estimates used and determined that there was no material adverse impact on the Company's first half 2020 results of operations.

The severity of the impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Company's customers, all of which are uncertain and cannot be predicted. The Company's future results of operations and liquidity could be adversely impacted by delays in payments of outstanding receivable amounts beyond normal payment terms, delays in obtaining signed customer contracts for awarded projects, supply chain disruptions and uncertain demand. As of the date of issuance of these condensed consolidated financial statements, the extent to which the COVID-19 pandemic may impact the Company's financial condition, liquidity, or results of operations is uncertain.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. The Company estimates the payment of approximately $5,000 of employer payroll taxes otherwise due in 2020 will be delayed with 50% due by December 31, 2021 and the remaining 50% by December 31, 2022. The CARES Act permits net operating losses from the 2018, 2019, and 2020 tax years to be carried back to the previous five tax years (beginning with the earliest year first). The Company estimates the discrete benefit associated with the net operating loss provisions of the CARES Act to be approximately $2,000 , an estimated refund of taxes paid in prior years of approximately $1,700 and the carryback additionally provides an additional refund of approximately $3,600 related to Alternative Minimum Tax credits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Company are set forth in Note 2 to the consolidated financial statements contained in the Company's 2019 annual report on Form 10-K. The Company includes herein certain updates to those policies.

Accounts Receivable and allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Effective January 1, 2020, the Company adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13) prospectively. This ASU replaces the incurred loss impairment model with an expected credit loss impairment model for financial instruments, including trade receivables. The amendment requires entities to consider forward-looking information to estimate expected credit losses, resulting in earlier recognition of losses for receivables that are current or not yet due, which were not considered under the previous accounting guidance. The Company performed an assessment of its allowance for credit losses based upon historical experience, management's evaluation of outstanding accounts receivable, consideration of its customers' financial condition and current macroeconomic and market conditions and determined that no adjustment was required to retained earnings upon adoption.

(in thousands, except per share amounts)

The Company's methodology to estimate the allowance for credit losses includes quarterly assessments of historical bad debt write off experience, current economic and market conditions, management's evaluation of outstanding accounts receivable, and the Company's forecasts. Due to the short-term nature of its receivables, the estimate of credit losses is primarily based on aged accounts receivable balances and the financial condition of customers. In addition, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. Bad debts are written off against the allowance when identified. As part of its assessment, the Company also considered the current and expected future economic and market conditions due to the COVID-19 pandemic and determined that the estimate of credit losses was not significantly impacted as of June 30, 2020.

Changes in the allowance for credit losses for the six months ended June 30, 2020 and 2019 are as follows:

	June 30, 2020	June 30, 2019
Allowance for credit loss, beginning of period	$ 2,260	$ 2,765
Charges (recoveries) to costs and expenses, net	(80)	124
Account write-offs and other	(192)	(46)
Allowance for credit loss, end of period	$ 1,988	$ 2,843

Recent Accounting Pronouncements

Fair Value Measurement

In August 2018, the FASB issued ASU 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company adopted this guidance as of January 1, 2020 and the adoption did not have a material impact on the Company's condensed consolidated financial statements.

Consolidations

In October 2018, the FASB issued ASU 2018-17, Consolidation (Topic 810), Targeted Improvements to Related Party Guidance for Variable Interest Entities, which aligns the evaluation of whether a decision maker's fee is a variable interest with the guidance in the primary beneficiary test by requiring the decision maker to consider an indirect interest in a VIE held by related party under common control on a proportionate basis. The new standard is effective interim and annual periods beginning after December 15, 2019, with early adoption permitted. The Company adopted this guidance as of January 1, 2020 and the adoption did not have an impact on the Company's condensed consolidated financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), and a subsequent amendment to the initial guidance, ASU 2018-19 Codification Improvements to Topic 326, Financial Instruments—Credit Losses (collectively, Topic 326). Topic 326 requires measurement and recognition of expected credit losses for financial assets held, which include, but are not limited to, trade and other receivables. The new standard is effective for fiscal years beginning after December 15, 2019, The Company adopted this guidance as of January 1, 2020 and the adoption did not have a material impact on the Company's condensed consolidated financial statements.

In April 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives, and Hedging, and Topic 825, Financial Instruments. The improvements to Topic 815, among other things, clarifies some areas around partial-term fair value hedges, interest rate risk, the amortization of fair value hedge basis adjustments and their disclosure, and some clarification of matters related to the transitioning to ASU 2017-12, which was adopted by the Company during the year ended December 31, 2018. The improvements to Topic 326 clarifies certain aspects surrounding accounting for credit losses in connection with the Company's receivables. These include that the Company should include anticipated recoveries in its calculation of credit losses. For those that have already adopted ASU No. 2017-12, the new standard is effective the first annual period beginning after the issuance date of ASU No. 2019-04, or as of January 1, 2020 for the Company, with early adoption permitted. The Company adopted this guidance as of January 1, 2020 and the adoption did not have a material impact on the Company's condensed consolidated financial statements.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, Income Taxes, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for the Company for the fiscal year beginning after December 15, 2020. The Company is currently evaluating the impacts of the provisions of ASU 2019-12 on its condensed consolidated financial statements and disclosures.

Others

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. ASU 2020-04 provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Companies can apply the ASU immediately, however the guidance will only be available until December 31, 2022. The Company is currently evaluating the impact that adopting this new accounting standard will have on its condensed consolidated financial statements and related disclosures.

(in thousands, except per share amounts)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

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, 2020 and 2019.

	U.S. Regions	U.S. Federal	Canada	Non-Solar DG	All Other	Total
Line of Business						
Three Months Ended June 30, 2020						
Project revenue	$ 76,040	$ 72,220	$ 6,167	$ 3,004	$ 2,499	$ 159,930
O&M revenue	4,283	10,755	17	2,120	133	17,308
Energy assets	7,942	1,505	1,344	17,820	138	28,749
Other	437	11	1,507	185	14,909	17,049
Total revenues	$ 88,702	$ 84,491	$ 9,035	$ 23,129	$ 17,679	$ 223,036
Three Months Ended June 30, 2019						
Project revenue	$ 77,913	$ 44,402	$ 5,498	$ 2,185	$ 3,159	$ 133,157
O&M revenue	3,982	9,389	5	2,406	21	15,803
Energy assets	5,343	976	938	18,492	280	26,029
Other	982	255	1,442	182	20,333	23,194
Total revenues	$ 88,220	$ 55,022	$ 7,883	$ 23,265	$ 23,793	$ 198,183
Six Months Ended June 30, 2020						
Project revenue	$ 147,533	$ 128,334	$ 15,031	$ 5,375	$ 8,086	$ 304,359
O&M revenue	8,635	22,381	26	4,135	193	35,370
Energy assets	16,496	2,224	2,007	35,806	438	56,971
Other	765	297	3,363	537	33,787	38,749
Total revenues	$ 173,429	$ 153,236	$ 20,427	$ 45,853	$ 42,504	$ 435,449
Six Months Ended June 30, 2019						
Project revenue	$ 123,617	$ 76,755	$ 10,732	$ 3,259	$ 6,226	$ 220,589
O&M revenue	7,300	19,247	5	4,441	21	31,014
Energy assets	11,364	1,619	1,258	36,191	582	51,014
Other	1,536	458	3,036	604	40,044	45,678
Total revenues	$ 143,817	$ 98,079	$ 15,031	$ 44,495	$ 46,873	$ 348,295

(in thousands, except per share amounts)

	U.S. Regions	U.S. Federal	Canada	Non-Solar DG	All Other	Total
Geographical Regions						
Three Months Ended June 30, 2020						
United States	$ 88,702	$ 84,491	$ 622	$ 23,129	$ 14,274	$ 211,218
Canada	—	—	8,413	—	45	8,458
Other	—	—	—	—	3,360	3,360
Total revenues	$ 88,702	$ 84,491	$ 9,035	$ 23,129	$ 17,679	$ 223,036
Three Months Ended June 30, 2019						
United States	$ 88,220	$ 55,022	$ 556	$ 23,265	$ 19,469	$ 186,532
Canada	—	—	7,327	—	42	7,369
Other	—	—	—	—	4,282	4,282
Total revenues	$ 88,220	$ 55,022	$ 7,883	$ 23,265	$ 23,793	$ 198,183
Six Months Ended June 30, 2020						
United States	$ 173,429	$ 153,236	$ 1,518	$ 45,853	$ 33,121	$ 407,157
Canada	—	—	18,909	—	102	19,011
Other	—	—	—	—	9,281	9,281
Total revenues	$ 173,429	$ 153,236	$ 20,427	$ 45,853	$ 42,504	$ 435,449
Six Months Ended June 30, 2019						
United States	$ 143,817	$ 98,079	$ 1,258	$ 44,495	$ 38,116	$ 325,765
Canada	—	—	13,773	—	107	13,880
Other	—	—	—	—	8,650	8,650
Total revenues	$ 143,817	$ 98,079	$ 15,031	$ 44,495	$ 46,873	$ 348,295

For the three months ended June 30, 2020 and 2019, approximately 94% and 92%, respectively, of revenue is recognized over time, and the remainder is for products and services transferred at a point in time. For the six months ended June 30, 2020 and 2019, approximately 93% and 91%, respectively, of revenue is recognized over time, and the remainder is for products and services transferred at a point in time.

Contract Balances

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

	June 30, 2020	December 31, 2019
Accounts receivable, net	$ 86,017	$ 95,863
Accounts receivable retainage, net	19,119	16,976
Contract Assets:		
Costs and estimated earnings in excess of billings	195,391	202,243
Contract Liabilities:		
Billings in excess of cost and estimated earnings	39,931	32,178

(in thousands, except per share amounts)

	June 30, 2019	December 31, 2018
Accounts receivable, net	$ 109,332	$ 85,985
Accounts receivable retainage, net	15,383	13,516
Contract Assets:		
Costs and estimated earnings in excess of billings	120,686	86,842
Contract Liabilities:		
Billings in excess of cost and estimated earnings	30,209	30,706

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 advanced payments received on project contracts. As of June 30, 2020 and December 31, 2019, the Company classified $5,035 and $5,560, respectively, as a non-current liability, included in other liabilities on the condensed 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, 2020 was primarily due to billings of $302,457, offset in part by revenue recognized of approximately $287,087. The increase in contract liabilities was primarily driven by the receipt of advance payment from customers, and related billings, exceeding reductions from recognition of revenue as performance obligations were satisfied. For the six months ended June 30, 2020, the Company recognized revenue of $33,851 that was previously included in the beginning balance of contract liabilities and billed customers $33,276. Changes in contract liabilities are also driven by reclassifications to or from contract assets as a result of timing of customer payments.

The increase in contract assets for the six months ended June 30, 2019 was primarily due to revenue recognized of $220,062, offset in part by billings of approximately $201,908. The decrease in contract liabilities was primarily driven by recognition of revenue as performance obligations were satisfied exceeding increases from the receipt of advance payment from customers, and related billings. For the six months ended June 30, 2019, the Company recognized revenue of $38,854 that was previously included in the beginning balance of contract liabilities, and billed customers $35,172. 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.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. Performance obligations are satisfied at 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 the Company. At June 30, 2020, the Company had backlog of approximately $2,151,185. Approximately 27% of our June 30, 2020 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

The Company accounts for certain acquisition costs 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 toward completion basis.

As of June 30, 2020 and December 31, 2019, included in other assets in the accompanying condensed consolidated balance sheets, were $1,735 and $1,735, respectively, of capitalized 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, 2020 and 2019, the amortization of commission costs related to contracts was not material and were included in the accompanying condensed consolidated statements of income.

The Company capitalizes costs incurred related to the development of projects prior to contract signing as it is partial fulfillment of its performance obligations. Capitalized project development costs include 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 $550 and $1,080 were included in other long-term assets as of June 30, 2020 and December 31, 2019, respectively. During the three months ended June 30, 2020 and 2019, $4,258 and $8,256, respectively, of project development costs were recognized in the condensed consolidated statements of income on projects that converted to customer contracts. During the six months ended June 30, 2020 and 2019, $5,865 and $11,033, respectively, of project development costs were recognized in the condensed consolidated statements of income on projects that converted to customer contracts.

No impairment charges in connection with the Company's commission costs or project development costs were recorded during the six months ended June 30, 2020 and 2019.

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 net 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 10, 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.

(in thousands, except per share amounts)

During the three and six months ended June 30, 2020, the Company did not complete any acquisitions.

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 condensed consolidated statements of income, condensed consolidated statements of comprehensive income and condensed consolidated statements of cash flows.

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, 2019	$ 26,705	$ 3,981	$ 3,369	$ —	$ 24,359	$ 58,414
Goodwill acquired during the year	—	—	—	—	—	—
Currency effects	—	—	(155)	—	(421)	(576)
Balance, June 30, 2020	$ 26,705	$ 3,981	$ 3,214	$ —	$ 23,938	$ 57,838
Accumulated Goodwill Impairment						
Balance, December 31, 2019	$ —	$ —	$ (1,016)	$ —	$ —	$ (1,016)
Balance, June 30, 2020	$ —	$ —	$ (1,016)	$ —	$ —	$ (1,016)

The Company performs its annual goodwill impairment testing in the fourth quarter of each year, or more frequently if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount. During the Company's annual goodwill impairment testing in 2019, all reporting units had fair values that exceeded their carrying values by at least 15%. If the Company believes that one or more indicators of impairment have occurred, then the Company will perform an impairment test. The Company has the option to perform a qualitative assessment (commonly referred to as "step zero" test) to determine whether further quantitative analysis for impairment of goodwill and indefinite-lived intangible assets is necessary. The qualitative assessment includes a review of macroeconomic conditions, industry and market considerations, internal cost factors, and the Company's own overall financial and share price performance, among other factors. If, after assessing the totality of events or circumstances the Company determines that it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, the Company does not need to perform a quantitative analysis. Upon assessment, the Company concluded it was not more likely than not that the fair value of the reporting units were less than the carrying value of the reporting units as of June 30, 2020. The Company will monitor future results and will perform a test if indicators trigger an impairment review. At this time, the Company has not deemed the impact that the current macroeconomic environment surrounding the COVID-19 pandemic has or is expected to have on the business to be a triggering event for impairment purposes.

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 determined by the nature of the respective intangible asset. The Company did not complete any acquisitions or acquire any intangible assets during the six months ended June 30, 2020.

(in thousands, except per share amounts)

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

	As of June 30, 2020	As of December 31, 2019
Gross Carrying Amount		
Customer contracts	$ 7,764	$ 7,904
Customer relationships	12,441	12,749
Non-compete agreements	2,992	3,037
Technology	2,709	2,732
Trade names	541	544
	26,447	26,966
Accumulated Amortization		
Customer contracts	7,749	7,844
Customer relationships	11,253	11,236
Non-compete agreements	2,992	3,037
Technology	2,691	2,704
Trade names	530	531
	25,215	25,352
Intangible assets, net	$ 1,232	$ 1,614

Amortization expense related to customer contracts is included in cost of revenues in the condensed consolidated statements of income. Amortization expense related to all other acquired intangible assets is included in selling, general and administrative expenses in the condensed consolidated statements of income. Amortization expense for the three months ended June 30, 2020 and 2019 related to customer contracts was $22 and $22, respectively. Amortization expense for the three months ended June 30, 2020 and 2019 related to all other acquired intangible assets and was $158 and $222, respectively. Amortization expense for the six months ended June 30, 2020 and 2019 related to customer contracts was $45 and $45, respectively. Amortization expense for the six months ended June 30, 2020 and 2019 related to all other acquired intangible assets and was $311 and $412, respectively.

6. ENERGY ASSETS

Energy assets consist of the following:

	June 30, 2020	December 31, 2019
Energy assets	$ 844,408	$ 767,331
Less - accumulated depreciation and amortization	(206,790)	(187,870)
Energy assets, net	$ 637,618	$ 579,461

Included in energy assets are financing lease assets and accumulated depreciation of financing lease assets. Financing lease assets consist of the following:

	June 30, 2020	December 31, 2019
Financing lease assets	$ 42,402	$ 42,402
Less - accumulated depreciation and amortization	(7,332)	(6,268)
Financing lease assets, net	$ 35,070	$ 36,134

Depreciation and amortization expense on the above energy assets, net of deferred grant amortization, for the three months ended June 30, 2020 and 2019 was $9,650 and $9,088, respectively, and is included in cost of revenues in the accompanying condensed consolidated statements of income. Included in these depreciation and amortization expense totals are depreciation and amortization expense on financing lease assets of $532 and $532 for the three months ended June 30, 2020 and 2019, respectively. Depreciation and amortization expense on the above energy assets, net of deferred grant amortization, for the six months ended June 30, 2020 and 2019 was $18,949 and $17,495, respectively, and is included in cost of revenues in the accompanying condensed consolidated statements of income. Included in these depreciation and amortization expense totals are depreciation and amortization expense on financing lease assets of $1,064 and $1,064 for the six months ended June 30, 2020 and 2019, respectively.

The Company evaluates 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 our 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 performs its annual long-lived assets impairment testing in the fourth quarter of each year. In addition to the annual impairment test, the Company regularly assesses whether a triggering event has occurred which would require interim impairment testing. The Company assessed the impact that the current macroeconomic environment surrounding the COVID-19 pandemic has or is expected to have on the business, and concluded that it was not a triggering event for impairment purposes and there was no indication of impairment of long-lived assets for the six months ended June 30, 2020.

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 condensed consolidated balance sheets. Capitalized interest is amortized to cost of revenues in the Company's condensed consolidated statements of income on a straight line basis over the useful life of the associated energy asset. The Company capitalized $912 and $790 of interest during the three months ended June 30, 2020 and 2019, respectively. The Company had $1,774 and $1,578 of interest capitalized for the six months ended June 30, 2020 and 2019, respectively.

As of June 30, 2020 and December 31, 2019, there are three ESPC asset projects which are included within energy assets, net on the Company's condensed consolidated balance sheets. The Company controls and operates the assets as well as obtains financing during the construction period of the assets. As the Company has an obligation to the customer for performance of the asset, the Company records a liability associated with these energy assets, although, the customer is responsible for payments to the lender based on the energy asset's production. As of June 30, 2020 and December 31, 2019, the liabilities recognized in association with these assets were $11,125 and $10,243, respectively, of which $221 and $827, respectively, has been classified as the current portion and is included in accrued expenses and other current liabilities. The remainder is included in other liabilities in the accompanying condensed consolidated balance sheets.

During the three months ended June 30, 2020, the Company acquired one energy project, which did not constitute a business in accordance with ASC 805-50, *Business Combinations*. The Company acquired the energy project in exchange for total purchase price of $1,251, which included cash of $1,031 paid by the Company, issuance of a promissory note payable to the sellers of $204, detailed further in Note 16, and $16 of rollover equity in connection with shares of one of the Company's subsidiaries issued to the sellers. As of June 30, 2020, the Company has remaining deferred purchase price consideration on previously closed projects of $1,446 that will be paid upon final completion of the respective projects and throughout 2020. The Company has a definitive agreement from prior periods, which has recently been amended, to purchase eight additional solar projects from developers for a total purchase price of $10,242, of which the Company has not made any payments to the developers for those projects.

As of June 30, 2020, the Company had $1,500 in asset retirement obligations ("AROs") assets recorded in project assets, net of accumulated depreciation, and $1,597 in ARO liabilities recorded in accrued expenses and other current liabilities and other liabilities. During the three months and six months ended June 30, 2020, the Company recorded $19 and $38, respectively, of depreciation expense related to the ARO assets. During the three months and six months ended June 30, 2020, the Company recorded $22 and $43, respectively, in accretion expense to the ARO liabilities, which is reflected in the accretion of ARO and contingent consideration on the condensed consolidated statements of cash flows. The Company's current ARO liabilities relate to the removal of equipment and pipelines at certain renewable gas projects and obligations related to the decommissioning of certain solar facilities and wind turbines.

(in thousands, except per share amounts)

7. INCOME TAXES

The Company recorded a provision for income taxes of $0 and $804 for the three months ended June 30, 2020 and 2019, respectively. The Company recorded a benefit for income taxes of $2,503 and provision for income tax of $1,061 for the six months ended June 30, 2020 and 2019, respectively.The estimated effective annualized tax rate impacted by the period discrete items is (0.0%) of benefit for the three months ended June 30, 2020, compared to a8.6% of estimated effective annualized tax rate for the three months ended June 30, 2019. The estimated effective annualized tax rate impacted by the period discrete items is (19.3)% of benefit for the six months ended June 30, 2020, compared to a 8.5% of estimated effective annualized tax rate for the six months ended June 30, 2019.

The principal reason for the difference between the statutory rate and the estimated annual effective rate for 2020 were the effects of investment tax credits to which the Company is entitled from solar plants which have been placed into service or are forecasted to be placed into service during 2020. Tax deductions related to Section 179D deduction, tax basis adjustments on certain partnership flip transactions and tax rate benefits associated with net operating loss carryback made possible by the passing of the COVID-19 CARES Act on March 27, 2020. The principal reason for the difference between the statutory rate and the estimated annual effective rate for 2019 were the effects of investment tax credits to which the Company is entitled from solar plants which have been placed into service or were forecasted to be placed into service during 2019.

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 Tax Extender and Disaster Relief Act of 2019, signed into law December 20, 2019, Section 179D was extended through December 31, 2020.

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, 2019	$ 400
Additions for prior year tax positions	—
Settlements with tax authorities	—
Reductions of prior year tax positions	—
Balance, June 30, 2020	$ 400

At June 30, 2020 and December 31, 2019, the Company had approximately $400 of total gross unrecognized tax benefits. At June 30, 2020 and December 31, 2019, the Company had approximately $80 of total gross unrecognized tax benefits (both 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 Company has presented all deferred tax assets and liabilities as noncurrent, net liabilities on its condensed consolidated balance sheets as of June 30, 2020, and December 31, 2019.

8. LEASES

On January 1, 2019, the Company adopted ASU No. 2016-02, Leases (Topic 842), using the modified retrospective approach. The Company elected the package of practical expedients available in the standard and as a result, did not reassess the lease classification of existing contracts or leases or the initial direct costs associated with existing leases. The Company has also elected the practical expedient to not separate lease components and non-lease components and will account for the leases as a single lease component for all classes of leases.

(in thousands, except per share amounts)

As a result of the adoption of ASC 842, the Company recognized an increase in lease right-of-use ("ROU") assets of $31,639, current portions of operating lease ROU liabilities of $5,084 and an increase to long-term portions of operating lease liabilities of $28,480. There was no net impact to the condensed consolidated statements of income or retained earnings for the adoption of ASC 842. No impairment was recognized on the ROU asset upon adoption.These adjustments are detailed as follows:

	As of January 1, 2019		
	As Reported	842 Adjustment	Adjusted Balances
Operating Leases:			
Operating lease assets	$ —	$ 31,639	$ 31,639
Current portions of operating lease liabilities	—	5,084	5,084
Long-term portions of operating lease liabilities	—	28,480	28,480
Total operating lease liabilities	$ —	$ 33,564	$ 33,564
Weighted-average remaining lease term			10 years
Weighted-average discount rate			6.0 %
Financing Leases:			
Energy assets, net	$ 38,263	$ —	$ 38,263
Current portions of financing lease liabilities	4,956	—	4,956
Long-term financing lease liabilities, net of current portions and of deferred financing fees	28,407	—	28,407
Total financing lease liabilities	$ 33,363	$ —	$ 33,363
Weighted-average remaining lease term			18 years
Weighted-average discount rate			11.7 %

The Company enters into a variety of operating lease agreements through the normal course of its business including certain administrative offices. The leases are long-term, non-concealable real estate lease agreements, expiring at various dates through fiscal 2028. The agreements generally provide for fixed minimum rental payments and the payment of utilities, real estate taxes, insurance and repairs. The Company also leases certain land parcels related to our energy projects, expiring at various dates through fiscal 2050. The office and land leases make up a significant portion of the Company's operating lease activity. Many of these leases have one or more renewal options that allow the Company, at its discretion, to renew the lease for six months to seven years. Only renewal options that the Company believed were likely to be exercised were included in our lease calculations. Many land leases include minimum lease payments that increase when the related project becomes operational. In these cases, the commercial operation date was estimated by the Company and used to calculate the estimated minimum lease payments.

The Company also enters into leases for IT equipment and service agreements, automobiles, and other leases related to our construction projects such as equipment, mobile trailers and other temporary structures. The Company utilizes the portfolio approach for this class of lease. These leases are either short-term in nature or immaterial.

A portion of the Company's real estate leases are generally subject to annual changes in the Consumer Price Index ("CPI"). The Company utilized each lease's minimum lease payments to calculate the lease balances upon transition. The subsequent increases in rent based on changes in CPI were excluded and will be excluded for future leases from the calculation of the lease balances, but will be recorded to the condensed consolidated statements of income as part of our operating lease costs.

The Company has elected the practical expedient to not separate lease and non-lease components for existing leases for real estate and land leases. The Company has historical leases under ASC 840, Leases, which may have lease and non-lease components. Upon adoption of Topic 842, the Company has elected to continue to account for these historical leases as a single component, as permitted by Topic 842. As of January 1, 2019, as it relates to all prospective leases, the Company will allocate consideration to lease and non-lease components based on pricing information in the respective lease agreement, or, if this information is not available, the Company will make a good faith estimate based on the available pricing information at the time of the lease agreement.

(in thousands, except per share amounts)

The discount rate was calculated using an incremental borrowing rate based on financing rates on secured comparable notes with comparable terms and a synthetic credit rating calculated by a third party. The Company elected to apply the discount rate using the remaining lease term at the date of adoption.

The Company has a number of leases that are classified as financing leases, which relate to transactions that are considered sale-leasebacks under ASC 840. See the sale-leaseback section below for additional information on the Company's financing leases.

Supplemental balance sheet information related to leases at June 30, 2020 and December 31, 2019 is as follows:

	June 30, 2020	December 31, 2019
Operating Leases:		
Operating lease assets	$ 35,829	$ 32,791
Current operating lease liabilities	5,216	5,802
Long-term portions of operating lease liabilities	32,698	29,101
Total operating lease liabilities	$ 37,914	$ 34,903
Weighted-average remaining lease term	12 years	11 years
Weighted-average discount rate	6.1 %	6.3 %
Financing Leases:		
Energy assets, net	$ 35,070	$ 36,134
Current portions of financing lease liabilities	4,800	4,997
Long-term financing lease liabilities, less current portions and net of deferred financing fees	21,355	23,500
Total financing lease liabilities	$ 26,155	$ 28,497
Weighted-average remaining lease term	16 years	17 years
Weighted-average discount rate	11.9 %	11.8 %

The costs related to our leases are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Operating Lease:				
Operating lease costs	$ 2,106	$ 1,909	$ 3,932	$ 3,747
Financing Lease:				
Amortization expense	532	532	1,064	1,064
Interest on lease liabilities	726	947	1,559	1,896
Total lease costs	$ 3,364	$ 3,388	$ 6,555	$ 6,707

(in thousands, except per share amounts)

The Company’s estimated minimum future lease obligations under our leases are as follows:

	Operating Leases	Financing Leases
Year ended December 31,		
2020	$ 4,083	$ 4,202
2021	7,053	6,792
2022	6,425	5,178
2023	5,054	3,676
2024	4,186	2,565
Thereafter	27,769	24,080
Total minimum lease payments	$ 54,570	$ 46,493
Less: interest	16,656	20,338
Present value of lease liabilities	$ 37,914	$ 26,155

The Company has determined that certain power purchase agreements (“PPAs”) contain a lease component in accordance with ASC 840, Leases. The Company recognized $2,040 and $4,285 of operating lease revenue under these agreements during the three and six months ended June 30, 2020, respectively, which was reflected in revenues on the condensed consolidated statements of income. The Company recognized $2,271 and $4,495 of operating lease revenue under these agreements during the three and six months ended June 30, 2019, respectively, which was reflected in revenues on the condensed consolidated statements of income.

Sale-Leaseback

For solar photovoltaic (“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 financing 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 financing leases. For leasebacks classified as financing leases, the Company initially records a financing lease asset and financing lease obligation in its condensed consolidated balance sheets 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 financing 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 condensed consolidated balance sheets 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 condensed consolidated balance sheets and amortizes the deferred amounts over the lease term in cost of revenues in its condensed consolidated statements of income. Net amortization expense in cost of revenues related to deferred gains and losses was $57 and $58 of net gains for the three months ended June 30, 2020 and 2019, respectively. Net amortization expense in cost of revenues related to deferred gains and losses was $112 and $115 of net gains for the six months ended June 30, 2020 and 2019, respectively.

During the third quarter of 2018, the Company entered into an agreement with an investor which gives us the option to sell and contemporaneously lease back solar PV projects through August 2019 up to a maximum funding amount of $100.0 million. In January 2020, the Company amended the August 2018 agreement with the investor to extend the end date of the agreement to November 24, 2020 and increase the maximum funding amount up to $150.0 million. During the six months ended June 30, 2020, the Company did not complete any acquisitions of solar PV projects and $131.0 million remained available under the lending commitment.

(in thousands, except per share amounts)

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

	June 30, 2020	December 31, 2019
Financing lease assets, net	$ 35,070	$ 36,134
Deferred loss, short-term, net	115	115
Deferred loss, long-term, net	1,744	1,801
Total deferred loss	$ 1,859	$ 1,916
Financing lease liabilities, short-term	4,800	4,997
Financing lease liabilities, long-term	21,355	23,500
Total financing lease liabilities	$ 26,155	$ 28,497
Deferred gain, short-term, net	345	345
Deferred gain, long-term, net	5,293	5,463
Total deferred gain	$ 5,638	$ 5,808

9. COMMITMENTS AND CONTINGENCIES

The Company from time to time issues letters of credit and performance bonds, with their third-party lenders, to provide collateral. The Company also has future lease commitments which do not yet meet the criteria of a ROU asset or ROU liability as of June 30, 2020, for certain business offices. These commitments total $1,225 as of June 30, 2020 and relate to payments through 2026.

Legal Proceedings

The Company 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

In August 2018, the Company completed an acquisition which provided for a revenue earn-out contingent upon the acquired business meeting certain cumulative revenue targets over five years from the acquisition date. The Company evaluated financial forecasts of the acquired business and concluded that the fair value of this earn-out was approximately $555, which was subsequently increased to $678 as of December 31, 2019 which remained consistent at June 30, 2020, and is recorded in the other liabilities on the condensed consolidated balance sheets. The contingent consideration will be paid annually, commencing in 2020, if any of the cumulative revenue targets are achieved. The fair value of the earn-out will be re-evaluated at each reporting period and adjustments will be recorded as needed. See Note 10 for additional information.

In November 2018, the Company completed an acquisition of certain lease options, which provided for an earn-out if the lease option is exercised and if certain financial metrics are achieved. The Company evaluated the acquired lease options and concluded that the fair-value of this contingent liability was approximately $363, which was subsequently increased to $378 at December 31, 2019 which remained consistent at June 30, 2020, and is recorded in accrued expenses and other current liabilities and other liabilities on the condensed consolidated balance sheets. Payments will be made when milestones are achieved. The contingent liability will be re-evaluated at each reporting period and adjustments will be recorded as needed.

In April 2020, the Company completed an acquisition which provided for a profit earn-out contingent upon the acquired project meeting certain financial return targets. The Company evaluated the financial forecasts of the acquired asset and concluded that fair value of the earn-out was $0 at completion of the acquisition which will be re-evaluated at each reporting period. The contingent consideration will be paid annually beginning in 2021, if the financial return targets are achieved.

(in thousands, except per share amounts)

10. FAIR VALUE MEASUREMENT

The Company recognizes certain 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, 2020	December 31, 2019
Assets:			
Interest rate swap instruments	2	$ —	$ 15
Commodity swap instruments	2	151	198
Total assets		$ 151	$ 213
Liabilities:			
Interest rate swap instruments	2	$ 11,679	$ 6,236
Interest make-whole provisions	2	1,388	918
Contingent consideration	3	678	678
Total liabilities		$ 13,745	$ 7,832

The fair value of the Company's interest rate swaps was determined using 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 the Company's make-whole provisions were determined by comparing them against the rates of similar debt instruments under similar terms without a make-whole provision obtained from various highly rated third-party pricing sources.

The fair value of the Company's contingent consideration liabilities were determined by evaluating the acquired asset's future financial forecasts and evaluating which, if any, of the cumulative revenue targets, financial metrics and/or milestones are likely to be met. The Company has classified contingent consideration related to certain acquisitions within level 3 of the fair value hierarchy because the fair value is derived using significant unobservable inputs, which include discount rates and probability-weighted cash flows. The Company determined the fair value of its contingent consideration obligations based on a probability-weighted income approach derived from financial performance estimates and probability assessments of the attainment of certain targets. The Company establishes discount rates to be utilized in its valuation models based on the cost to borrow that would be required by a market participant for similar instruments.

(in thousands, except per share amounts)

The key assumptions as of June 30, 2020, related to the contingent consideration from the acquisition of certain assets of Chelsea Group Limited, used in the model include a discount rate of 18% for purposes of discounting the low and base case scenarios associated with achievement of the financial based earn-out. The probabilities assigned to these scenarios were 50% for both the low and base case scenarios. An increase or decrease in the probability of achievement of any scenario could result in a significant increase or decrease to the estimated fair value of the contingent consideration liability.

The following table sets forth a summary of changes in fair value of contingent liabilities classified as Level 3 for the six months ended June 30, 2020 and June 30, 2019:

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Contingent consideration liabilities balance at December 31, 2019 and 2018	$ 678	$ 600
Changes in the fair value of contingent consideration obligation	—	25
Contingent consideration liabilities balance at June 30, 2020 and 2019	$ 678	$ 625

The fair value of financial instruments is determined by reference to observable market data and other valuation techniques, as appropriate. The only category of financial instruments where the difference between fair value and recorded book value is notable is long-term debt. At June 30, 2020 and December 31, 2019 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 or level three financial instruments for the six months ended June 30, 2020 and the year ended December 31, 2019.

Based on the analysis performed, the fair value and the carrying value of the Company's long-term debt, excluding financing leases, are as follows:

	As of June 30, 2020		As of December 31, 2019	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt (Level 2)	$ 320,622	$ 312,905	$ 309,377	$ 307,508

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. There were no assets recorded at fair value on a non-recurring basis at June 30, 2020 or December 31, 2019.

(in thousands, except per share amounts)

11. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The following table presents information about the fair value amounts of the Company's derivative instruments as follows at June 30, 2020 and December 31, 2019:

	Derivatives as of			
	June 30, 2020		December 31, 2019	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives Designated as Hedging Instruments:				
Interest rate swap contracts	Other assets	$ —	Other assets	$ 15
Interest rate swap contracts	Other liabilities	11,653	Other liabilities	6,210
Derivatives Not Designated as Hedging Instruments:				
Interest rate swap contracts	Other liabilities	$ 26	Other liabilities	$ 26
Commodity swap contracts	Other assets	151	Other assets	198
Interest make-whole provisions	Other liabilities	1,388	Other liabilities	918

As of June 30, 2020 all but two of the Company's freestanding derivatives were designated as hedging instruments. As of December 31, 2019 all but three of the Company's freestanding derivatives were designated as hedging instruments.

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

	Location of (Gain) Loss Recognized in Net Income	Amount of (Gain) Loss Recognized in Net Income			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2020	2019	2020	2019
Derivatives Designated as Hedging Instruments:					
Interest rate swap contracts	Other expenses, net	$ 306	$ (1)	$ 405	$ (50)
Derivatives Not Designated as Hedging Instruments:					
Interest rate swap contracts	Other expenses, net	$ (11)	$ 69	$ (1)	$ 69
Commodity swap contracts	Other expenses, net	95	(172)	47	(172)
Interest make-whole provision	Other expenses, net	655	(62)	470	(785)

	Six Months Ended June 30, 2020
Derivatives Designated as Hedging Instruments:	
Accumulated loss in AOCI at the beginning of the period	$ (4,742)
Unrealized loss recognized in AOCI	(4,455)
Loss reclassified from AOCI to other expenses, net	405
Accumulated loss in AOCI at the end of the period	$ (8,792)

(in thousands, except per share amounts)

The following tables present a listing of all the Company's active derivative instruments as of June 30, 2020:

Active Interest Rate Swap	Effective Date	Expiration Date	Initial Notional Amount ($)	Status
11-Year, 5.77% Fixed	October 2018	October 2029	$ 9,200	Designated
15-Year, 5.24% Fixed	June 2018	June 2033	10,000	Designated
3-Year, 2.46% Fixed	March 2018	December 2020	17,100	Not Designated
10-Year, 4.74% Fixed	June 2017	December 2027	14,100	Designated
15-Year, 3.26% Fixed	February 2023	December 2038	14,084	Designated
7-Year, 2.19% Fixed	February 2016	February 2023	20,746	Designated
8-Year, 3.70% Fixed	March 2020	June 2028	14,643	Designated
8-Year, 3.70% Fixed	March 2020	June 2028	10,734	Designated
13-Year, 0.93% Fixed	May 2020	March 2033	9,505	Designated
13-Year, 0.93% Fixed	May 2020	March 2033	6,968	Designated
15-Year, 5.30% Fixed	February 2006	February 2021	3,256	Designated
15.5-Year, 5.40% Fixed	September 2008	March 2024	13,081	Designated

Active Commodity Swap	Effective Date	Expiration Date	Initial Notional Amount (Volume)	Commodity Measurement	Status
1-Year, $2.70 MMBtu Fixed	May 2020	April 2021	435,810	MMBtus	Not Designated

Other Derivatives	Classification	Effective Date	Expiration Date	Fair Value ($)
Interest make-whole provisions	Liability	June/August 2018	December 2038	$ 1,388

12. INVESTMENT FUNDS AND OTHER VARIABLE INTEREST ENTITIES

Investment Funds

In each of September 2015, June 2017, June 2018, October 2018, and December 2019, the Company formed an investment fund with a different third-party investor which granted the applicable investor ownership interests in the net assets of certain of the Company's renewable energy project subsidiaries. The Company currently has five such investment funds each with a different third-party investor.

The Company consolidates the investment funds, and all inter-company balances and transactions between the Company and the investment funds are eliminated in its condensed consolidated financial statements. The Company determined that the investment funds meet the definition of a variable interest entity ("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 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' investor and Company's subsidiaries as specified in contractual arrangements. Certain of these arrangements have call and put options to acquire the investor's equity interest as specified in the contractual agreements. See Note 13 for additional information on the call and put options.

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

	June 30, 2020[(1)]	December 31, 2019[(1)]
Cash and cash equivalents	$ 7,138	$ 4,666
Restricted cash	926	586
Accounts receivable, net	348	532
Costs and estimated earnings in excess of billings	2,237	1,125
Prepaid expenses and other current assets	75	108
Total VIE current assets	10,724	7,017
Property and equipment, net	1,266	1,266
Energy assets, net	145,521	142,456
Operating lease assets	6,525	6,511
Other assets	262	1,662
Total VIE assets	$ 164,298	$ 158,912
Current portions of long-term debt and financing lease liabilities	$ 2,240	$ 2,252
Accounts payable	47	2,006
Accrued expenses and other current liabilities	1,521	2,203
Current portions of operating lease liabilities	117	102
Total VIE current liabilities	3,925	6,563
Long-term debt and financing lease liabilities, less current portions and net of deferred financing fees	24,127	24,654
Long-term portions of operating lease liabilities	6,303	6,180
Other liabilities	1,749	1,171
Total VIE liabilities	$ 36,104	$ 38,568

(1) The amounts in the above table are reflected in Note 1 on the Company's condensed consolidated balance sheets. See the Company's condensed consolidated balance sheets for additional information.

Other Variable Interest Entities

The Company follows guidance on the consolidation of VIEs that requires companies to utilize a qualitative approach to determine whether it is the primary beneficiary of a VIE. The process for identifying the primary beneficiary of a VIE requires consideration of the factors that indicate a party has the power to direct the activities that most significantly impact the joint ventures economic performance, including powers granted to the joint ventures program manager, powers contained in the joint venture governing board and, to a certain extent, a company's economic interest in the joint venture. The Company analyzes its joint ventures and classifies them as either:

- a VIE that must be consolidated because the Company is the primary beneficiary or the joint venture is not a VIE and the Company holds the majority voting interest with no significant participative rights available to the other partners; or
- a VIE that does not require consolidation and is treated as an equity method investment because the Company is not the primary beneficiary or the joint venture is not a VIE and the Company does not hold the majority voting interest.

Many of the joint ventures are deemed to be VIEs because they lack sufficient equity to finance the activities of the joint venture.

Unconsolidated joint ventures are accounted for under the equity method. For those joint ventures, the Company's investment balances for the joint venture are included in other assets on the condensed consolidated balance sheets and the Company’s pro rata share of net income or loss is included in operating income. The Company’s investments in equity method joint ventures on the condensed consolidated balance sheets as of June 30, 2020 and December 31, 2019 was a net asset of $1,342 and $1,292, respectively. During the three and six months ended June 30, 2020, the Company recognized expense of $24 and $77, respectively, from equity method joint ventures. During the three and six months ended June 30, 2019, the Company recognized expense of $74 from equity method joint ventures.

13. NON-CONTROLLING INTERESTS AND EQUITY

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, which was 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 investment fund’s final project being placed into service 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, upon the expiration of the call option and extending for six months, 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 fourth quarter of 2018 has the right, beginning on the fifth anniversary on the last projects placed in-service date 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 fourth quarter of 2018 also includes a right, upon the expiration of the call option and extending for six months, for the non-controlling interest partner 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 fourth quarter of 2019 has the right, beginning on the fifth anniversary on the last projects placed in-service date 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 fourth quarter of 2019 also includes a right, beginning six months after the fifth anniversary of the final funding and extending for one year, for the non-controlling interest partner to elect to require the Company's wholly owned subsidiary to purchase all of its membership interests in the fund, a put option.

(in thousands, except per share amounts)

The purchase price for two of the investment 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 purchase price for two of the investment funds investor's interests under the call options is equal to the greater of (i) the fair market value of such interests at the time the option is exercised or (ii) 7% of the investors' contributed capital balance at the time the option is exercisable. The purchase price for the remaining investment fund investor's interests under the call options is equal to the greater of (i) the fair market value of such interests at the time the option is exercised or (ii) 5% of the investors' contributed capital balance at the time the option is exercisable. 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 two of 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 $659 - $917. The purchase price for the two of the remaining funds investors' interest in the investment funds under the put options is the sum of (i) the fair market value at the time the option is exercised, and (ii) the closing costs incurred by the investor in connection with the exercise of the put option. The purchase price for the remaining fund investors' interest in the investment funds under the put options is the lessor of fair market value at the time the option is exercised and the sum of (i) 5% of the investors' contributed capital balance at the time the option is exercisable, and (ii) the fair market value of any unpaid tax law change losses incurred by the investor in connection with the exercise of the put option. The put options for the 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 hypothetical liquidation at book value method) or their estimated redemption value in each reporting period. At both June 30, 2020 and December 31, 2019 redeemable non-controlling interests were reported at their carrying value totaling $36,303 and $31,616, respectively, as the carrying value at each reporting period was greater than the estimated redemption value.

14. EARNINGS PER SHARE AND OTHER EQUITY RELATED INFORMATION

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,	
	2020	2019	2020	2019
Net income attributable to common shareholders	$ 4,365	$ 9,216	$ 10,566	$ 13,363
Basic weighted-average shares outstanding	47,488	46,387	47,500	46,340
Effect of dilutive securities:				
Stock options	1,031	1,294	1,071	1,326
Diluted weighted-average shares outstanding	48,519	47,681	48,571	47,666

For the three months ended June 30, 2020 and 2019, 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 1,450 and 446, respectively. For the six months ended June 30, 2020 and 2019, 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 1,388 and 372, respectively.

The Company's 2020 Stock Incentive Plan (the "2020 Plan"), was adopted by the Company's Board of Directors in February 2020 and approved by its stockholders in May 2020. The 2020 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards and other stock-based awards. Upon its effectiveness, 5,000 shares of the Company's Class A common stock were reserved for issuance under the 2020 Plan. As of June 30, 2020, the Company had granted options to purchase 85 shares of Class A common stock under the 2020 Plan.

In May 2020, the Company amended its 2017 Employee Stock Purchase Plan ("ESPP") which permits eligible employees to purchase up to an aggregate of 350 shares of the Company's Class A common stock. This plan commenced December 1, 2017 and was previously amended on August 2018. The ESPP allows participants to purchase shares of common stock at a 5% discount from the fair market value of the stock as determined on specific dates at six-month intervals. During the six months ended June 30, 2020 and 2019, the Company issued 28 and 22 shares, respectively, under the ESPP.

Stock-Based Compensation Expense

For the three months ended June 30, 2020 and 2019, the Company recorded stock-based compensation expense, including expense related to the ESPP, of $430 and $397, respectively, in connection with the stock-based payment awards. For the six months ended June 30, 2020 and 2019, the Company recorded stock-based compensation expense, including expense related to the ESPP, of $859 and $782, respectively, in connection with the stock-based payment awards. The compensation expense is included in selling, general and administrative expenses in the accompanying condensed consolidated statements of income. As of June 30, 2020, there was $11,167 of unrecognized compensation expense related to non-vested stock option awards that is expected to be recognized over a weighted-average period of 2.8 years.

No awards to individuals who were not either an employee or director of the Company were granted during the six months ended June 30, 2020 or during the year ended December 31, 2019.

Stock Option Grants

During the three months ended June 30, 2020, the Company granted 85 common stock options to certain employee and directors under its 2020 Stock Incentive Plan, which have a contractual life of ten years and vest over a five-year period. During the six months ended June 30, 2020, the Company granted 281 common stock options to certain employees and directors under its 2010 and 2020 Stock Incentive Plan, which have a contractual life of ten years and vest over a five-year period.

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. 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 in February 2017 and to $17,553 of the Company's Class A common stock in August 2019, in each case, 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 has and 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 six months ended June 30, 2020, the Company repurchased an immaterial amount of shares of common stock. During the six months ended June 30, 2019, the Company did not repurchase any shares of common stock.

15. 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. 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 reports of the Company's chief operating decision maker do not include assets at the operating segment level. The accounting policies are the same as those described in the summary of significant accounting policies in Note 2 included in the Company's annual report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission on March 4, 2020.

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

AMERESCO, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - (Continued)
(in thousands, except per share amounts)

	U.S. Regions	U.S. Federal	Canada	Non-Solar DG	All Other	Total Consolidated
Three Months Ended June 30, 2020						
Revenues	$ 88,702	$ 84,491	$ 9,035	$ 23,129	$ 17,679	$ 223,036
Interest income	34	34	—	2	—	70
Interest expense	2,190	345	165	1,128	18	3,846
Depreciation and amortization of intangible assets	3,000	941	381	5,420	429	10,171
Unallocated corporate activity	—	—	—	—	—	(10,397)
Income before taxes, excluding unallocated corporate activity	5,012	9,945	516	2,904	856	19,233
Three Months Ended June 30, 2019						
Revenues	$ 88,220	$ 55,022	$ 7,883	$ 23,265	$ 23,793	$ 198,183
Interest income	—	19	—	23	39	81
Interest expense	1,713	208	174	1,285	—	3,380
Depreciation and amortization of intangible assets	2,464	806	315	5,686	376	9,647
Unallocated corporate activity	—	—	—	—	—	(8,841)
Income before taxes, excluding unallocated corporate activity	2,458	10,043	241	3,400	2,010	18,152
Six Months Ended June 30, 2020						
Revenues	$ 173,429	$ 153,236	$ 20,427	$ 45,853	$ 42,504	$ 435,449
Interest income	70	74	—	16	—	160
Interest expense	3,671	1,091	337	2,173	33	7,305
Depreciation and amortization of intangible assets	5,763	1,958	772	10,707	805	20,005
Unallocated corporate activity	—	—	—	—	—	(20,741)
Income before taxes, excluding unallocated corporate activity	8,735	17,039	295	4,573	3,068	33,710
Six Months Ended June 30, 2019						
Revenues	$ 143,817	$ 98,079	$ 15,031	$ 44,495	$ 46,873	$ 348,295
Interest income	63	68	—	44	39	214
Interest expense	2,570	418	338	2,862	—	6,188
Depreciation and amortization of intangible assets	4,646	1,623	590	10,902	724	18,485
Unallocated corporate activity	—	—	—	—	—	(16,849)
Income (loss) before taxes, excluding unallocated corporate activity	2,180	15,664	(48)	4,781	6,711	29,288

(in thousands, except per share amounts)

16. DEBT

As of June 30, 2020 and December 31, 2019, the Company's outstanding debt obligations comprised of the following:

	Commencement Date	Maturity Date	Acceleration Clause[2]	Rate as of June 30, 2020	June 30, 2020	December 31, 2019
Senior secured credit facility, interest at varying rates monthly in arrears	June 2015	June 2024	NA	3.52 %	$ 125,828	$ 112,216
Variable rate term loan payable in semi-annual installments	January 2006	February 2021	Yes	2.55 %	350	625
Variable rate term loan payable in semi-annual installments	January 2006	June 2024	Yes	2.30 %	6,081	6,609
Term loan payable in quarterly installments	March 2011	March 2021	Yes	7.25 %	504	831
Term loan payable in monthly installments	October 2011	June 2028	NA	6.11 %	3,285	3,649
Variable rate term loan payable in quarterly installments	October 2012	May 2025	NA	2.55 %	40,255	28,217
Variable rate term loan payable in quarterly installments	September 2015	March 2023	NA	3.05 %	15,516	15,976
Term loan payable in quarterly installments	August 2016	July 2031	NA	4.95 %	3,383	3,769
Term loan payable in quarterly installments	March 2017	March 2028	NA	5.00 %	3,310	3,521
Term loan payable in monthly installments	April 2017	April 2027	NA	4.50 %	21,373	22,553
Term loan payable in quarterly installments	April 2017	February 2034	NA	5.61 %	2,511	2,706
Variable rate term loan payable in quarterly installments	June 2017	December 2027	NA	2.75 %	11,123	11,740
Variable rate term loan payable in quarterly installments	February 2018	August 2022	Yes	7.80 %	10,442	15,645
Term loan payable in quarterly installments	June 2018	December 2038	Yes	5.15 %	27,911	28,583
Variable rate term loan payable in semi-annual installments	June 2018	June 2033	Yes	2.35 %	8,665	9,003
Variable rate term loan payable in monthly/quarterly installments	October 2018	October 2029	Yes	2.66 %	8,753	9,092
Fixed rate note	April 2020	April 2040	NA	5.00 %	204	—
Long term finance liability in semi-annual installments[3]	July 2019	July 2039	NA	0.28 %	3,785	3,841
Long term finance liability in semi-annual installments[3]	November 2019	November 2039	NA	— %	6,970	8,794
Term loan payable in quarterly installments	December 2019	December 2021	Yes	6.50 %	19,734	27,226
Financing leases[1]					26,155	28,497
					$ 346,138	$ 343,093
Less - current maturities					44,216	69,969
Less - deferred financing fees					6,874	6,943
Long term debt and financing lease liabilities					$ 295,048	$ 266,181

(1) Financing leases do not include approximately $20,338 and $22,015 in future interest payments for June 30, 2020 and December 31, 2019, respectively.

(2) These agreements have acceleration causes that, in the event of default, as defined, the payee has the option to accelerate payment terms and make due the remaining principal and the required interest balance according to the agreement

(3) These agreements are sale-leaseback arrangements that provides for the sale of solar PV projects to a third party investor and the simultaneous leaseback of the projects. In accordance with Topic 842, Leases, these transactions are accounted for as a

failed sale as the Company retains control of the underlying assets and as such, are classified as financing liabilities. The low interest rates are the results of tax credits which were transferred to the counterparty.

Senior Secured Credit Facility - Revolver and Term Loan

As of March 31, 2020, the Company amended the Company's senior secured credit facility which increased the total funded debt to EBITDA covenant ratio to a maximum of 3.75 for the year ended December 31, 2020. The amendment also increased the Eurocurrency Rate floor to1% from 0%. The total commitment under the amended credit facility (revolving credit, term loan and swing line) remains unchanged, which is $185,000.

At June 30, 2020, funds of $35,668 are available for borrowing under the revolving credit facility.

April 2020 Note

In April 2020, the Company issued a note to a developer in connection with acquisition of one energy project, discussed in Note 6. The note provides a principal amount of $204 and bears interest at a fixed rate of5%. The principal and interest payments can be redeemed at any time after the issue date within 20 years before the loan note is expired after the issuance and prior to maturity in April 2040. At June 30, 2020, $204 was outstanding under this loan note.

May 2020 Credit Facility

In May 2020, the Company amended a non-recourse credit facility with two banks. The amended and restated credit facility replaces and extended the Company's existing credit facility to May 27, 2025 from May 31, 2020. The amended credit facility provides an amended principal amount of $41,850. The amended credit facility bears interest at a rate of 2.25% above LIBOR. The interest rate increases by0.125% above the base rate every three years following the date of execution. The principal and interest payments are due in quarterly installments. At June 30, 2020, $40,255 was outstanding under the amended credit facility, net of debt discount and deferred financing fees.

June 2020 Construction Revolver

In June 2020, the Company entered into a revolving credit agreement with a bank, with an aggregate borrowing capacity of $100,000 for use in financing the construction cost of its owned projects. The facility bears interest at (i) 1.5% above LIBOR or (ii) 0.5% above a base rate defined in the credit agreement, dependent on the type of borrowing requested by the Company. The revolving facility matures in November 2020, with all remaining unpaid amounts outstanding under the facility due at that time. As of June 30, 2020, the Company has no borrowings under the construction revolving facility.

As of June 30, 2020, the Company was not in compliance with certain financial covenant requirements on one of the Company's project financing debt facilities. The Company has received a waiver from the financial institution to waive the failure in July 2020, effective as of June 30, 2020.

17. SUBSEQUENT EVENT

In July 2020, the Company entered into a revolving loan agreement with a bank, with a borrowing capacity of $30,000 for use in financing the Company’s construction cost of energy projects. The facility may, at request of the Company, be increased by up to an additional $20,000 after certain conditions have been met. The facility bears interest at a rate of 1.75% over LIBOR and matures in July 2022, with all remaining unpaid amounts outstanding under the facility due at that time.

In July 2020, the Company closed on $1,431 solar PV project under the Company’s master lease agreement discussed in Note 8 with a twenty-year term. The principal and interest payments are due in semi annual installments and the long term finance facility matures on July 30, 2040, with all remaining unpaid amounts outstanding under the agreement due at that time.

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, 2019 included in our Annual Report on Form 10-K for the year ended December 31, 2019 filed on March 4, 2020 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. Currently, one of the most significant factors, however, is the potential adverse effect of the current pandemic of the novel coronavirus, or COVID-19, on our financial condition, results of operations, cash flows and performance and the global economy and financial markets. The extent to which COVID-19 impacts us, suppliers, customers, employees and supply chains will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. Moreover, you should interpret many of the risks identified in this report, as well as the risks set forth below, as being heightened as a result of the ongoing and numerous adverse impacts of COVID-19. Forward looking 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, 2019 and Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. 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 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.

COVID-19 Update

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business, including how it will impact our suppliers, customers, employees and supply chains. While we did not incur significant disruptions during the six months ended June 30, 2020 from the COVID-19 pandemic, we are unable to predict the impact that the COVID-19 pandemic will have on our financial condition, results of operations and cash flows due to numerous uncertainties. These uncertainties include the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact and the direct and indirect economic effects of the pandemic and containment measures, among others.

Further, the overall impact of COVID-19 on our condensed consolidated results of operations for the six months ended June 30, 2020 was not material. However, the impact that COVID-19 will have on our consolidated results of operations throughout 2020 remains uncertain. We expect to experience delays in our project award conversions and potential construction slowdowns as a result of known shelter-in-place restrictions. We will continue to evaluate the nature and extent of these potential impacts to our business, consolidated results of operations, segment results, liquidity and capital resources.

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 revenues 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 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, 2019 (“Annual Report”), and the risks described in Item 1A. Risk Factors in this Quarterly Report on Form 10-Q.

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 54 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 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 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, and the risks described in Item 1A. Risk Factors in this Quarterly Report on Form 10-Q.

The overall impact of COVID-19 on our condensed consolidated results of operations for the six months ended June 30, 2020 was not material. However, the impact that COVID-19 will have on our consolidated results of operations throughout 2020 remains uncertain. We expect to experience delays in our project award conversions and potential construction slowdowns as a result of known shelter-in-place restrictions. We will continue to evaluate the nature and extent of these potential impacts to our business, consolidated results of operations, segment results, liquidity and capital resources. 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, and the risks described in Item 1A. Risk Factors in the Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

As of June 30, 2020, we had fully-contracted backlog of approximately $1,017.7 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 $1,201.9 million. As of June 30, 2019, we had fully-contracted backlog of approximately $788.7 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 $1,236.5 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, 2020 and 2019, our 12-month backlog was $612.4 million and $431.4 million, respectively.

As of June 30, 2020, we had O&M backlog of approximately $1,133.5 million in expected future revenues under signed multi-year customer contracts for the delivery of O&M services. As of June 30, 2019, we had O&M backlog of approximately $906.5 million in expected future revenues under signed multi-year customer contracts for the delivery of O&M services.

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, were $752.5 million and $518.4 million as of June 30, 2020 and 2019, 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 final construction contract profit in accordance with accounting for long-term contracts under the revenue recognition requirements of contracts with our customers, allowance for credit losses, inventory reserves, realization of project development costs, leases, fair value of derivative financial instruments, accounting for business acquisitions, stock-based awards, impairment of long-lived assets and goodwill, 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;*
- *Leases;*
- *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 the audited consolidated financial statements for the year ended December 31, 2019, and notes thereto, included in the Company’s Annual Report. The Company has determined that no material changes concerning our critical accounting policies have occurred since December 31, 2019.

Recent Accounting Pronouncements

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

Results of Operations

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

	Three Months Ended June 30,			
	2020		2019	
	Dollar Amount	% of Revenues	Dollar Amount	% of Revenues
Revenues	$ 223,036	100.0 %	$ 198,183	100.0 %
Cost of revenues	183,528	82.3 %	155,044	78.2 %
Gross profit	39,508	17.7 %	43,139	21.8 %
Selling, general and administrative expenses	26,620	11.9 %	30,082	15.2 %
Operating income	12,888	5.8 %	13,057	6.6 %
Other expenses, net	4,052	1.8 %	3,746	1.9 %
Income before provision from income taxes	8,836	4.0 %	9,311	4.7 %
Income tax provision	—	— %	804	0.4 %
Net income	8,836	4.0 %	8,507	4.3 %
Net loss (income) attributable to redeemable non-controlling interest	(4,471)	(2.0)%	709	0.4 %
Net income attributable to common shareholders	$ 4,365	2.0 %	$ 9,216	4.7 %

	Six Months Ended June 30,			
	2020		2019	
	Dollar Amount	% of Revenues	Dollar Amount	% of Revenues
Revenues	$ 435,449	100.0 %	$ 348,295	100.0 %
Cost of revenues	357,495	82.1 %	272,524	78.2 %
Gross profit	77,954	17.9 %	75,771	21.8 %
Selling, general and administrative expenses	55,544	12.8 %	56,165	16.1 %
Operating income	22,410	5.1 %	19,606	5.6 %
Other expenses, net	9,441	2.2 %	7,167	2.1 %
Income before provision from income taxes	12,969	3.0 %	12,439	3.6 %
Income tax (benefit) provision	(2,503)	(0.6)%	1,061	0.3 %
Net income	15,472	3.6 %	11,378	3.3 %
Net loss (income) attributable to redeemable non-controlling interest	(4,906)	(1.1)%	1,985	0.6 %
Net income attributable to common shareholders	$ 10,566	2.4 %	$ 13,363	3.8 %

Revenues

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

	Three Months Ended June 30,		Dollar	Percentage
	2020	2019	Change	Change
Revenues	$ 223,036	$ 198,183	$ 24,853	12.5 %

	Six Months Ended June 30,		Dollar	Percentage
	2020	2019	Change	Change
Revenues	$ 435,449	$ 348,295	$ 87,154	25.0 %

Revenues increased $24.9 million, or 12.5%, to $223.0 million for the three months ended June 30, 2020 compared to the same period of 2019 primarily due to a $26.8 million increase in our project revenue, a $2.7 million increase in our energy assets revenue, and a $1.5 million increase in our O&M revenue, partially offset by a $4.4 million decrease in our integrated PV revenue and a $1.7 million decrease in other revenue.

Revenues increased $87.2 million, or 25.0% to $435.4 million for the six months ended June 30, 2020 compared to the same period of 2019 primarily due to a $83.8 million increase in our project revenue, a $5.9 million increase in our energy asset revenue, and a $4.4 million increase in our O&M revenue, partially offset by a $4.4 million decrease in our integrated PV revenue and a $2.5 million decrease in other revenue.

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
	2020	2019	Change	Change
Cost of revenues	$ 183,528	$ 155,044	$ 28,484	18.4 %
Gross margin	17.7 %	21.8 %		

	Six Months Ended June 30,		Dollar	Percentage
	2020	2019	Change	Change
Cost of revenues	$ 357,495	$ 272,524	$ 84,971	31.2 %
Gross margin	17.9 %	21.8 %		

Cost of revenues increased $28.5 million, or 18.4%, to $183.5 million and gross margin percentage decreased to 17.7%, from 21.8%, for the three months ended June 30, 2020 compared to the same period of 2019. The increase in cost of revenues is primarily due to the increase in project revenues. The decrease in gross margin is primarily due to increased levels of design-build work along with other lower margin projects as part of the project revenue mix, lower margin energy and incentive revenue, and unplanned maintenance on certain O&M projects.

Cost of revenues increased $85 million, or 31.2%, to $357.5 million and gross margin percentage decreased to 17.9%, from 21.8%, for the six months ended June 30, 2020 compared to the same period of 2019. The increase in cost of revenues is primarily due to the increase in project revenues. The decrease in gross margin is primarily due to increased levels of design-build work along with other lower margin projects as part of the project revenue mix.

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
	2020	2019	Change	Change
Selling, general and administrative expenses	$ 26,620	$ 30,082	$ (3,462)	(11.5) %

	Six Months Ended June 30,		Dollar	Percentage
	2020	2019	Change	Change
Selling, general and administrative expenses	$ 55,544	$ 56,165	$ (621)	(1.1) %

Selling, general and administrative expenses decreased $3.5 million, or 11.5%, to $26.6 million for the three months ended June 30, 2020, compared to the same period of 2019 due to a decrease in salaries and benefits of $2.7 million primarily resulting from higher utilization and lower travel expenses. For the six months ended June 30, 2020, selling, general and administrative expenses decreased $0.6 million, or 1.1%, to $55.5 million compared to the same period of 2019, primarily due to a decrease in salaries and benefits of $3.1 million resulting from increased utilization partially offset by a gain of $2.2 million on the deconsolidation of a variable interest entity recognized during the first quarter of 2019.

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 condensed consolidated statements of income. For the three months ended June 30, 2020 and 2019, we recorded amortization expense related to these intangible assets of $0.2 million. For the six months ended June 30, 2020 and 2019, we recorded amortization expense related to these intangible assets of $0.4 million.

Other Expenses, Net

Other expenses, net, includes gains and losses from derivatives and foreign currency transactions, interest income and expenses, amortization of deferred financing costs, and certain government incentives. Other expenses, net increased $0.3 million to $4.1 million for the three months ended June 30, 2020 compared to the same period of 2019, primarily due to higher interest expenses partially offset by government incentives of $0.8 million received at the commercial operation date of certain solar assets which were recorded as other income. Other expenses, net increased $2.3 million to $9.4 million for the six months ended June 30, 2020 compared to the same period of 2019, primarily due to higher interest expenses.

Income Before Taxes

Income before taxes decreased $0.5 million, or 5.1%, to $8.8 million for the three months ended June 30, 2020 compared to the same period of 2019, due to the reasons described above. Income before taxes increased $0.5 million, or 4.3%, to $13.0 million for the six months ended June 30, 2020 compared to the same period of 2019, due to the reasons described above.

Provision (Benefit) from Income Taxes

The benefit for income taxes was $0 for the three months ended June 30, 2020, compared to a provision of $0.8 million for the three months ended June 30, 2019. The estimated effective annualized tax rate impacted by period discrete items applied for the three months ended June 30, 2020 was 0% of benefit compared to 8.6% of provision for the three months ended June 30, 2019.

The benefit for income taxes was ($2.5) million for the six months ended June 30, 2020, compared to a provision of $1.1 million for the six months ended June 30, 2019. The estimated effective annualized tax rate impacted by period discrete items applied for the six months ended June 30, 2020 was (19.3)% of benefit compared to 8.5% of provision for the six months ended June 30, 2019.

The principal reason for the difference between the statutory rate and the estimated annual effective rate for 2020 were the effects of investment tax credits to which the Company is entitled from solar plants which have been placed into service or are forecasted to be placed into service during 2020, tax deductions related to Section 179D deduction, tax basis adjustments on certain partnership flip transactions and tax rate benefits associated with net operating loss carrybacks made possible by the passing of CARES Act on March 27, 2020. The principal reason for the difference between the statutory rate and the estimated annual effective rate for 2019 were the effects of investment tax credits to which the Company is entitled from solar plants which were placed into service or were forecasted to be placed into service during 2019. We estimate the discrete benefit associated with the net operating loss provisions of the CARES Act to be approximately $2,000 , an estimated refund of taxes paid in prior years of approximately $1,700 and the carryback provides an additional refund of approximately $3,600 related to Alternative Minimum Tax.

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 the respective year. As part of the Tax Extender and Disaster Relief Act of 2019, signed into law December 20, 2019 Section 179D was extended through December 31, 2020.

Net Income and Earnings Per Share

Net income increased $0.3 million, or 3.9%, to $8.8 million for the three months ended June 30, 2020 compared to $8.5 million for the same period of 2019. Net income increased $4.1 million, or 36.0%, to $15.5 million for the six months ended June 30, 2020 compared to $11.4 million for the same period of 2019.

Basic earnings per share for the three months ended June 30, 2020 was $0.09, a decrease of $0.11 per share compared to the same period of 2019. Diluted earnings per share for the three months ended June 30, 2020 was $0.09, a decrease of $0.10 per share, compare to the same period of 2019. Basic earnings per share for the six months ended June 30, 2020 was $0.22 a decrease of $0.07 per share compared to the same period of 2019. Diluted earnings per share for the six months ended June 30, 2020 was $0.22, a decrease of $0.06 per share, compared to the same period of 2019.

Business Segment Analysis

We report results under ASC 280, *Segment Reporting*. Our reportable segments for the three and six months ended June 30, 2020 are U.S. Regions, U.S. Federal, Canada and Non-Solar Distributed 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. 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
	2020	2019	Change	Change
Revenues	$ 88,702	$ 88,220	$ 482	0.5 %
Income before taxes	$ 5,012	$ 2,458	$ 2,554	103.9 %

	Six Months Ended June 30,		Dollar	Percentage
	2020	2019	Change	Change
Revenues	$ 173,429	$ 143,817	$ 29,612	20.6 %
Income before taxes	$ 8,735	$ 2,180	$ 6,555	300.7 %

Revenues for our U.S. Regions segment increased $0.5 million, or 0.5%, to $88.7 million for the three months ended June 30, 2020 compared to the same period of 2019. Revenues for our U.S. Regions segment increased $29.6 million, or 20.6%, to $173.4 million for the six months ended June 30, 2020 compared to the same period of 2019 primarily due to an increase in project revenues attributable to timing of revenue recognized as a result of the phase of active projects versus the prior year.

Income before taxes for our U.S. Regions segment increased $2.6 million, or 103.9%, to $5.0 million for the three months ended June 30, 2020 compared to a $2.5 million for the same period of 2019 primarily due to a decrease in operating expenses attributed to lower salary and benefit costs. Income before taxes for our U.S. Regions segment increased $6.6 million, or 300.7%, to $8.7 million for the six months ended June 30, 2020 compared to $2.2 million for the same period of 2019 primarily due to the increase in revenues described above.

U.S. Federal

	Three Months Ended June 30,		Dollar	Percentage
	2020	2019	Change	Change
Revenues	$ 84,491	$ 55,022	$ 29,469	53.6 %
Income before taxes	$ 9,945	$ 10,043	$ (98)	(1.0) %

	Six Months Ended June 30,		Dollar	Percentage
	2020	2019	Change	Change
Revenues	$ 153,236	$ 98,079	$ 55,157	56.2 %
Income before taxes	$ 17,039	$ 15,664	$ 1,375	8.8 %

Revenues for our U.S. Federal segment increased $29.5 million, or 53.6%, to $84.5 million for the three months ended June 30, 2020 compared to the same period of 2019. Revenues for our U.S. Federal segment increased $55.2 million, or 56.2%, to $153.2 million for the six months ended June 30, 2020 compared to the same period of 2019. The increase in revenues for the three and six months ended June 30, 2020 were primarily due to an increase in project revenue attributable to timing of revenue recognized as a result of the phase of active projects versus prior year.

Income before taxes for our U.S. Federal segment decreased $0.1 million, or (1.0)%, to $9.9 million for three months ended June 30, 2020 compared to $10.0 million for the same period of 2019, which relates to the increase in revenue described above offset by an unfavorable project mix resulting in lower gross margins due to increased levels of design-build work along with other lower margin projects and unplanned maintenance on certain O&M projects. Income before taxes for our U.S. Federal segment increased $1.4 million, or 8.8%, to $17.0 million for six months ended June 30, 2020 compared to $15.7 million for the same period of 2019 due to the increase in revenues described above.

Canada

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Dollar Change	Percentage Change
Revenues	$ 9,035	$ 7,883	$ 1,152	14.6 %
Income before taxes	$ 516	$ 241	$ 275	114.1 %

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Dollar Change	Percentage Change
Revenues	$ 20,427	$ 15,031	$ 5,396	35.9 %
Income (loss) before taxes	$ 295	$ (48)	$ 343	714.6 %

Revenues for our Canada segment increased to $9.0 million for the three months ended June 30, 2020 compared to $7.9 million the same period of 2019. Revenues for our Canada segment increased to $20.4 million for the six months ended June 30, 2020 compared to $15.0 million the same period of 2019. The increase in revenues for the three and six months ended June 30, 2020 were primarily due to an increase in project revenues related to the progression of certain active projects and an increase in revenue from the growth of energy assets in operation.

Income before taxes for our Canada segment increased $0.3 million for the three months ended June 30, 2020 to $0.5 million compared to a $0.2 million for the same period of 2019. The increase is due primarily to a decrease in salaries and benefits and project development costs, and favorable foreign currency exchange rate fluctuations versus the prior year. Income before taxes for our Canada segment improved $0.3 million for the six months ended June 30, 2020 to $0.3 million compared to an immaterial loss for the same period of 2019. The increase is primarily due to the increase in revenues described above and a decrease in salaries and benefits and project development costs versus the prior year.

Non-Solar DG

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Dollar Change	Percentage Change
Revenues	$ 23,129	$ 23,265	$ (136)	(0.6) %
Income before taxes	$ 2,904	$ 3,400	$ (496)	(14.6) %

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Dollar Change	Percentage Change
Revenues	$ 45,853	$ 44,495	$ 1,358	3.1 %
Income before taxes	$ 4,573	$ 4,781	$ (208)	(4.4) %

Revenues for our Non-Solar DG segment decreased $0.1 million, or 0.6%, to $23.1 million for the three months ended June 30, 2020 compared to the same period of 2019. Revenues for our Non-Solar DG segment increased $1.4 million, or 3.1%, to $45.9 million for the six months ended June 30, 2020 compared to the same period of 2019, primarily due to an increase in project revenues related to the progression of certain active projects.

Income before taxes for our Non-Solar DG segment decreased $0.5 million, or 14.6%, to $2.9 million for the three months ended June 30, 2020 compared to the same period of 2019. Income before taxes for our Non-Solar DG segment decreased $0.2 million, or 4.4%, to $4.6 million for the six months ended June 30, 2020 compared to the same period of 2019. The decrease for the three and six months ended June 30, 2020 was primarily due to lower profit margins on project revenues partially offset by lower interest expenses.

All Other & Unallocated Corporate Activity

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Dollar Change	Percentage Change
Revenues	$ 17,679	$ 23,793	$ (6,114)	(25.7) %
Income before taxes	$ 856	$ 2,010	$ (1,154)	(57.4) %
Unallocated corporate activity	$ (10,397)	$ (8,841)	$ (1,556)	(17.6) %

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Dollar Change	Percentage Change
Revenues	$ 42,504	$ 46,873	$ (4,369)	(9.3) %
Income before taxes	$ 3,068	$ 6,711	$ (3,643)	(54.3) %
Unallocated corporate activity	$ (20,741)	$ (16,849)	$ (3,892)	(23.1) %

Revenues for our All Other segment decreased $6.1 million, or 25.7%, to $17.7 million for the three months ended June 30, 2020 compared to the same period of 2019 primarily due to an decrease in integrated PV and project revenues. Revenues for our All Other segment decreased $4.4 million, or 9.3%, to $42.5 million for the six months ended June 30, 2020 compared to the same period of 2019 primarily due to a decrease in integrated PV revenues.

Income before taxes for our All Other segment decreased $1.2 million, or 57.4%, to $0.9 million for the three months ended June 30, 2020 compared to the same period of 2019 primarily due to the decrease in revenues described above. Income before taxes for our All Other segment decreased $3.6 million, or 54.3%, to $3.1 million for the six months ended June 30, 2020 compared to the same period of 2019 due to the decrease in revenues described above and a gain of $2.2 million recognized on the deconsolidation of a variable interest entity during the first quarter of 2019.

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. See Note 2 of the audited consolidated financial statements for the year ended December 31, 2019, and notes thereto, included in the Company's Annual Report.

We believe we have sufficient liquidity to satisfy our cash needs, however, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate during these uncertain times. This includes limiting discretionary spending across the organization and re-prioritizing our capital projects amid the COVID-19 pandemic.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. We estimate the payment of approximately $5.0 million of employer payroll taxes otherwise due in 2020 will be delayed with 50% due by December 31, 2021 and the remaining 50% by December 31, 2022. The CARES Act permits net operating losses from the 2018, 2019, and 2020 tax years to be carried back to the previous five tax years (beginning with the earliest year first). We estimate the discrete benefit associated with the net operating loss provisions of the CARES Act to be approximately $2,000 , an estimated refund of taxes paid in prior years of approximately $1,700 and the carryback provides an additional refund of approximately $3,600 related to Alternative Minimum Tax credits.

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 condensed consolidated balance sheet as a non-cash settlement.

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 six months ended June 30, 2020 and 2019 was $1.8 million and $1.6 million, respectively.

Cash flows from operating activities. Operating activities used $73.6 million of net cash during the six months ended June 30, 2020. During that period, we had net income of $15.5 million, which is net of non-cash compensation, depreciation, amortization, accretion, contingent consideration, deferred income taxes, net loss on derivatives, unrealized foreign exchange loss and other non-cash items totaling $28.3 million. Increases in project development costs, and decreases in accounts payable, accrued expenses and other current liabilities and income taxes payable used $55.4 million in cash. These were offset by decreases in accounts receivable including retainage, inventory, costs and estimated earnings in excess of billings, prepaid expenses and other current assets and other assets, and increases in billings in excess of cost and estimated earnings and other liabilities which provided for $27.8 million in cash. Increases in Federal ESPC receivables used an additional $89.8 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 $109.3 million of net cash during the six months ended June 30, 2019. During that period, we had net income of $11.4 million, which is net of non-cash compensation, depreciation, amortization, accretion, contingent consideration, deferred income taxes, gain on deconsolidation of a VIE, net gain on derivatives, unrealized foreign exchange loss and other non-cash items totaling $18.6 million. Increase in accounts receivable including retainage, inventory, costs and estimated earnings in excess of billings, prepaid expenses and other current assets, project development costs and other assets, and decreases in accounts payable, accrued expenses and other current liabilities, billings in excess of costs and estimated earnings and other liabilities used $80.1 million in cash. These were offset by an increase in income tax payable which provided for $2.7 million in cash. Increase in Federal ESPC receivables used an additional $61.8 million.

Cash flows from investing activities. Cash flows from investing activities during the six months ended June 30, 2020 used $78.7 million. We invested $77.2 million on purchases of energy assets during the six months ended June 30, 2020. In addition, we invested $1.4 million in purchases of other property and equipment, and made contributions of $0.1 million in an equity investment. We currently plan to invest approximately $110.0 million to $160.0 million in additional capital expenditures for the remainder of 2020, principally for the construction or acquisition of new renewable energy plants.

Cash flows from investing activities during the six months ended June 30, 2019 used $50.7 million. We invested $46.5 million on purchases of energy assets during the six months ended June 30, 2019. In addition, we invested $2.8 million in purchases of other property and equipment, $1.3 million related to acquisitions of businesses and made contribution of $0.2 million in an equity investment.

Cash flows from financing activities. Cash flows from financing activities during the six months ended June 30, 2020 provided $142.4 million. This was primarily due to proceeds received from Federal ESPC projects and energy assets of $135.1 million, proceeds from exercises of stock options and ESPP of $5.1 million, net proceeds from our senior secured credit facility of $16.0 million, net proceeds from long-term debt financings of $14.2 million and net proceeds from redeemable non-controlling interests of $0.1 million. This was partially offset by payments on long-term debt of $25.9 million, and payments of financing fees of $2.2 million.

Cash flows from financing activities during the six months ended June 30, 2019 provided $135.7 million. This was primarily due to proceeds received from Federal ESPC projects and energy assets of $84.6 million, proceeds from exercises of stock options and ESPP of $1.3 million, net proceeds from our senior secured credit facility of $41.4 million, proceeds from long-term debt of $2.7 million and net contributions from redeemable non-controlling interests of $19.3 million. This was partially offset by payments on long-term debt of $13.2 million and payments of financing fees of $0.4 million.

We currently plan additional project financings of approximately $110.0 million to $160.0 million for the remainder of 2020 to fund the construction or acquisition of new renewable energy plants discussed above.

We may also, from time to time, finance our operations through issuance or offering of equity or debt securities.

On March 31, 2020, the Company executed an amendment to its fourth amended and restated bank credit facility. The amendment increased the total funded debt to EBITDA covenant ratio from a maximum of 3.25 to 3.75 for the fiscal quarters ending March 31, 2020 through December 31, 2020. The amendment also increased the Eurocurrency Rate floor to 1% from 0% previously. The total commitment under the amended credit facility (revolving credit, term loan and swing line) remains unchanged, which is $185,000, and the amendment did not result in any restructured payments.

As of June 30, 2020, the Company was not in compliance with certain financial covenant requirements on one of the Company’s project financing debt facilities. The Company has received a waiver from the financial institution to waive the failure in July 2020, effective as of June 30, 2020.

See Note 16, *Debt*, of Notes to Condensed 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, 2020, 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.

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 9, *Commitments and Contingencies,* to our Condensed Consolidated Financial Statements 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, 2020, 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, 2019 or Item 1A to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020.

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, 2020 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, as increased from time to time (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, 2020 - April 30, 2020	—	—	—	$ 5,897,229
May 1, 2020 - May 31, 2020	—	—	—	$ 5,897,229
June 1, 2020 - June 30, 2020	—	—	—	$ 5,897,229
Total	—	$ —	—	$ 5,897,229

Under the Repurchase Program, we are authorized to repurchase up to $17.6 million of our Class A common stock. 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. 2020 Stock Incentive Plan. Filed as Exhibit 992 Ameresco, Inc. 2020 Stock Incentive Plan. Filed as Exhibit 99.2 to our Registration Statement on Form S-8 (reg. no. 333-238792) and incorporated herein by reference.
10.2+*	Form of Incentive Stock Option Agreement granted under Ameresco, Inc. 2020 Stock Incentive Plan.
10.3+*	Form of Director Stock Option Agreement granted under Ameresco, Inc. 2020 Stock Incentive Plan.
10.4	Fourth Amended and Restated Credit and Security Agreement dated as of June 28, 2019 among Ameresco, Inc., certain guarantors party thereto, certain lenders party thereto from time to time and Bank of America, N.A. as Administrative Agent. Filed as Exhibit 10.1 to our Current Report on Form 8-k filed with the Commission on July 1, 2019 (file no. 001-34811) and incorporated herein by reference.
10.5+	Ameresco, Inc. Executive Management Team Additional Annual Incentive Performance Program. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019 and filed with the Commission on August 8, 2019 (file no. 001-34811) and incorporated herein by reference.
10.6+	Stock Ownership Guidelines. Filed as Exhibit 10.1 to our Current Report on Form 8-k filed with the Commission on April 24, 2019 (file no. 001-34811) and incorporated herein by reference.
10.7+	Offer Letter between the Company and Doran Hole dated June 26, 2019. Filed as Exhibit 10.1 to our Current Report on Form 8-k filed with the Commission on July 1, 2019 (file no. 001-34811) and incorporated herein by reference.
10.8+*	Ameresco, Inc. 2017 Employee Stock Purchase Plan, as amended.
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, 2020, formatted in XBRL (Extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statement of Changes in Redeemable Non-Controlling Interests and Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.

*Filed herewith.

**Furnished herewith.

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

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 4, 2020	By: /s/ Spencer Doran Hole
	Spencer Doran Hole
	Senior Vice President and Chief Financial Officer **(duly authorized and principal financial officer)**

Exhibit 10.2

AMERESCO, INC.

Incentive Stock Option Agreement
Granted Under 2020 Stock Incentive Plan

1. Grant of Option.

This agreement evidences the grant by Ameresco, Inc., a Delaware corporation (the "Company"), on _________ (the "Grant Date"), to _________, an employee of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2020 Stock Incentive Plan (the "Plan"), a total of _________ shares (the "Shares") of Class A common stock, $0.0001 par value per share, of the Company at _________ per Share. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on the date one day prior to the tenth anniversary of the Grant Date (the "Final Exercise Date"), provided that this option shall automatically terminate at 5:00 p.m., Eastern time, on the date set forth in the award notification to the Participant from the Company if the Corporation has not received before that time this agreement together with its standard form of employee non-competition agreement each executed by the Participant.

It is intended that the option evidenced by this agreement shall, to the extent permitted by applicable law, be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this agreement, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule. This option will become exercisable ("vest") as follows:

Shares	Vest Date

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

3. Exercise of Option.

(a) Form of Exercise. To exercise this option, the Participant shall deliver to the Company at its principal office a notice of exercise in a form (which may be electronic) approved by the Company, accompanied by this agreement, and payment in full in the manner provided in the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share or for fewer than ten whole shares.

(b)Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, an employee or officer of, or consultant or advisor to, the Company or any parent or subsidiary of the Company as defined in Section 424(e) or (f) of the Code (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon written notice to the Participant from the Company describing such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

(e)Termination for Cause. If, prior to the Final Exercise Date, the Participant's employment is terminated by the Company for Cause (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such termination of employment. If, prior to the Final Exercise Date, the Participant is given notice by the Company of the termination of his or her employment by the Company for Cause, and the effective date of such employment termination is subsequent to the date of delivery of such notice, the right to exercise this option shall be suspended from the time of the delivery of such notice until the earlier of (i) such time as it is determined or otherwise agreed that the Participant's employment shall not be terminated for Cause as provided in such notice or (ii) the effective date of such termination of employment (in which case the right to exercise this option shall, pursuant to the preceding sentence, terminate upon the effective date of such termination of employment). If the Participant is party to an employment or severance agreement with the Company that contains a definition of "cause" for termination of employment, "Cause" shall have the meaning ascribed to such term in such agreement. Otherwise, "Cause" shall mean willful misconduct by the Participant or willful failure by the Participant to perform his or her responsibilities to the Company (including, without limitation, breach by the Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or other similar agreement between the Participant and the Company), as determined by the Company, which determination shall be conclusive. The Participant's employment shall be considered to have been terminated for Cause if the Company determines, within 30 days after the Participant's resignation, that termination for Cause was warranted.

4. Tax Matters.

(a) Withholding. No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

(b) Disqualifying Disposition. If the Participant disposes of Shares acquired upon exercise of this option within two years from the Grant Date or one year after such Shares were acquired pursuant to exercise of this option, the Participant shall notify the Company in writing of such disposition.

5. Transfer Restrictions; Clawback.

(a) This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

(b) In accepting this option, the Participant agrees to be bound by any clawback policy that the Company has in place or may adopt in the future.

6. Provisions of the Plan.

This option is subject to the provisions of the Plan (including the provisions relating to amendments to the Plan), a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

AMERESCO, INC.

By: ___________________________________
Name: George P. Sakellaris
Title: President & Chief Executive Officer

PARTICIPANT’S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company’s 2020 Stock Incentive Plan.

PARTICIPANT:

____

Address:

Exhibit 10.3

AMERESCO, INC.

Director Stock Option Agreement
Granted Under 2020 Stock Incentive Plan

1. Grant of Option.

This agreement evidences the grant by Ameresco, Inc., a Delaware corporation (the "Company"), on _________ (the "Grant Date"), to _________, a director of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2020 Stock Incentive Plan (the "Plan"), a total of _________ shares (the "Shares") of Class A common stock, $0.0001 par value per share, of the Company at _________ per Share. Unless earlier terminated, this option shall expire at 5:00 p.m., Eastern time, on the date one day prior to the tenth anniversary of the Grant Date (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall not be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant", as used in this agreement, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule

(a) General. This option will become exercisable ("vest") as follows:

Shares Vest Date

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

(b) Acceleration. Notwithstanding Section 2(a), this option shall vest in full immediately prior to a "Change in Control" of the Company (as defined below).

(c)Definition. A "Change in Control" shall mean:

(1) any merger or consolidation in which (i) the Company is a constituent party or (ii) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation (except, in the case of both clauses (i) and (ii) above, any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least 51% by voting power of the capital stock of (x) the surviving or resulting corporation or (y) if the surviving or

resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, of the parent corporation of such surviving or resulting corporation);

(2) the issuance, sale or transfer, in a single transaction or series of related transactions, of capital stock representing at least 51% of the voting power of the outstanding capital stock of the Company immediately following such transaction;

(3) the sale of all or substantially all of the assets of the Company; or

(4) a change in the composition of the Board of Directors of the Company (the "Board") that results in the Continuing Directors (as defined below) no longer constituting a majority of the Board (or, if applicable, the Board of Directors of a successor corporation to the Company), where the term "Continuing Director" means at any date a member of the Board (x) who was a member of the Board on the date of the initial adoption of the Plan by the Board or (y) who was nominated or elected subsequent to such date by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election; *provided, however*, that there shall be excluded from this clause (y) any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board.

3. Exercise of Option.

(a) Form of Exercise. To exercise this option, the Participant shall deliver to the Company at its principal office a notice of exercise in a form (which may be electronic) approved by the Company, accompanied by this agreement, and payment in full in the manner provided in the Plan. The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share or for fewer than ten whole shares.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, a director of the Company.

(c) Termination of Director Status. If the Participant ceases to serve as a director of the Company for any reason, then, except as provided in paragraph (d) below, the right to exercise this option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is a director of the Company, this option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and further provided that this option shall not be exercisable after the Final Exercise Date.

4. Withholding.

No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

5. Transfer Restrictions; Clawback.

(a) This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

(b) In accepting this option, the Participant agrees to be bound by any clawback policy that the Company has in place or may adopt in the future.

6. Provisions of the Plan.

This option is subject to the provisions of the Plan (including the provisions relating to amendments to the Plan), a copy of which is furnished to the Participant with this option.

IN WITNESS WHEREOF, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

AMERESCO, INC.

By: ___________________________________
Name: George P. Sakellaris
Title: President & Chief Executive Officer

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's 2020 Stock Incentive Plan.

PARTICIPANT:

____

Address:

Exhibit 10.8

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 350,000 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 Adopted by the Board of Directors on February 13, 2020
Amendment Approved by the stockholders on May 29, 2020

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 4, 2020

/s/ George P. Sakellaris

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

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, Spencer Doran Hole, 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 4, 2020

/s/ Spencer Doran Hole

Spencer Doran Hole

Senior Vice President and Chief Financial Officer
(duly authorized and 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 4, 2020	/s/ George P. Sakellaris
	George P. Sakellaris President and Chief Executive Officer (principal executive officer)
Date: August 4, 2020	/s/ Spencer Doran Hole
	Spencer Doran Hole Senior Vice President and Chief Financial Officer (duly authorized and principal financial officer)