ENTERTAINMENT PROPERTIES TRUST
Form S-3
September 17, 2003

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 17, 2003.
REGISTRATION NO.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
ENTERTAINMENT PROPERTIES TRUST

(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

Maryland	43-1790877
(State or Other Jurisdiction of Incorporation or Organization	(I.R.S. Employer Identification No.)

30 W. Pershing Road, Suite 201
Kansas City, Missouri 64108
(816) 472-1700

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

GREGORY K. SILVERS, ESQ.
VICE PRESIDENT, SECRETARY, GENERAL COUNSEL
AND CHIEF DEVELOPMENT OFFICER
ENTERTAINMENT PROPERTIES TRUST
30 W. PERSHING ROAD, SUITE 201
KANSAS CITY, MISSOURI 64108
(816) 472-1700

(Name, address, including zip code, and telephone number, including area code, of agent for service).

with a copy to:
Marc Salle, Esq.
Sonnenschein Nath & Rosenthal LLP
4520 Main Street, Suite 1100
Kansas City, Missouri 64111
(816) 460-2555

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement pursuant to Rule 415.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, check the following box.[ ]

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [X] 333-87242

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

Title of Securities To be Registered	Amount to be Registered (2)	Proposed Maximum Offering Price Per Security (2)	Proposed Maximum Aggregate Offering Price(2)
Common shares of beneficial interest, preferred shares of beneficial interest, warrants and debt securities(4)	$81,000,000	100%	$81,000,000

(1) Includes an indeterminate amount and number of common shares, preferred shares, warrants and debt securities as may be issued at indeterminate prices, but with an aggregate initial offering price not to exceed $81,000,000 plus such indeterminate amount and number of common shares as may be issued upon exercise of warrants or upon conversion of any preferred shares or debt securities issued hereunder, plus an indeterminate amount and number of debt securities and/or preferred shares that may be issued upon exercise of warrants, plus an indeterminate amount and number of preferred shares that may be issued upon conversion of debt securities. Includes, in the case of securities issued at an original issue discount, such greater principal amount as shall result in an aggregate public offering price not exceeding $81,000,000.

(2) Includes securities registered under the issuer's registration statement on Form S-3, as amended (File Number 333-87242) in the aggregate maximum offering amount of $67,500,000 remaining unsold under that registration statement, plus $13,500,000 in maximum aggregate offering amount of additional securities registered by this registration statement pursuant to Rule 462(b).

(3) Pursuant to Rule 457(o) under the Securities Act of 1933, the registration fee is calculated on the maximum offering price of all securities listed, and the table does not specify information by each class about the amount to be registered.

(4) $1,092.15 remitted with the filing of this Form S-3. $6,210 previously remitted in connection with the registration statement on Form S-3 (File Number 333-87242) relating to securities remaining unsold in the offering contemplated thereby which is offset against the currently due filing fee pursuant to Rule 457(p) under the Securities Act of 1933.

(5) Any securities registered hereunder may be sold separately or as units with other securities registered hereunder.

THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE UPON FILING WITH THE COMMISSION IN ACCORDANCE WITH RULE 462(b) UNDER THE SECURITIES ACT OF 1933.

EXPLANATORY NOTE

THIS REGISTRATION STATEMENT IS BEING FILED PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE CONTENTS OF THE REGISTRATION STATEMENT ON FORM S-3 (FILE NUMBER 333-87242) FILED BY THE REGISTRANT WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 30, 2002, AS AMENDED BY AMENDMENT NO. 1 THERETO FILED WITH THE COMMISSION ON MAY 17, 2002, TOGETHER WITH ALL EXHBIITS THERETO, ARE INCORPORATED BY REFERENCE INTO THIS REGISTRATION STATEMENT.

EXHIBITS

In addition to the exhibits incorporated by reference from the registration statement on Form S-3 (File No. 333-87242), as amended, the following exhibits are part of this registration statement and are filed herewith.

Exhibit No.	Description
5.6	Opinion of Sonnenschein Nath & Rosenthal LLP
8.3	Tax Opinion of Sonnenschein Nath & Rosenthal LLP
23.15	Consent of Ernst & Young LLP
23.16	Consent of KPMG LLP
23.17	Consent of Sonnenschein Nath & Rosenthal LLP (included in Exhibits 5.6 and 8.3)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the undersigned registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement on Form S-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in Kansas City, Missouri on September 17, 2003.

ENTERTAINMENT PROPERTIES TRUST

By: /s/ David M. Brain

David M. Brain
President and Chief Executive Officer

Know all people by these presents, that each person whose signature appears below constitutes and appoints David M. Brain and Fred L. Kennon, and each of them (with full power to each of them to act alone) his true and lawful

attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead in any and all capacities to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as either of them might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents, or either of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Title
/s/ Robert J. Druten Robert J. Druten	Chairman
/s/ David M. Brain David M. Brain	President, Chief Executive Officer and Trustee
/s/ James A. Olson James A. Olson	Trustee
/s/ Scott H. Ward Scott H. Ward	Trustee
/s/ Morgan G. Earnest II Morgan G. Earnest II	Trustee
/s/ Fred L. Kennon Fred L. Kennon	Vice President, Treasurer and Chief Financial Officer

EXHIBIT INDEX

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* Filed herewith

470,846

503,024

593,154

507,524

Gross profit
116,932

103,325

128,147

135,046

110,702

Selling, general and administrative expenses
103,781

96,693

98,474

84,360

64,710

Goodwill impairment
—

—

1,016

—

—

Operating income
13,151

6,632

28,657

50,686

45,992

Other expenses (income), net
6,859

3,873

4,050

6,506

6,293

Income before provision for income taxes
6,292

2,759

24,607

44,180

39,699

Income tax (benefit) provision
(4,091
)

345

6,247

10,767

12,186

Net income
$
10,383

$
2,414

$
18,360

$
33,413

$
27,513

Net income per share attributable to common shareholders:

Basic(2)
$
0.22

$
0.05

$
0.41

$
0.78

$
1.07

Diluted
$
0.22

$
0.05

$
0.40

$
0.75

$
0.66

Weighted average common shares outstanding:

Basic(2)
46,161,846

45,560,078

44,649,275

42,587,818

25,728,314

Diluted
46,718,140

46,419,199

45,995,463

44,707,132

41,513,482

Other Operating Data:

Adjusted EBITDA(3)	$ 38,473	$ 29,906	$ 52,364	$ 67,560	$ 59,910

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	As of December 31,				
	2014	2013	2012	2011	2010
	(In thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$23,762	$17,171	$63,348	$26,277	$44,691
Current assets	226,735	247,009	297,843	283,062	211,710
Total assets	629,659	606,303	675,472	645,597	584,407
Current liabilities	146,089	133,288	148,889	148,268	142,587
Long-term debt, less current portion	90,037	103,222	109,079	86,754	43,417
Federal ESPC liabilities(4)	70,875	44,297	92,843	109,648	158,992
Total stockholders' equity	$286,306	$276,806	$261,819	$236,421	$198,052

(1) "Revenues" for 2011 reflects approximately $8.9 million and $27.8 million attributable to our acquisitions in the third quarter of 2011 of AEG and Ameresco Southwest, respectively.

(2) "Net income per share attributable to common shareholders - basic" and "weighted average number of common shares outstanding - basic" for 2010 reflect (i) our issuance of 405,286 shares of Common Stock upon the June 2010 exercise of a warrant at an exercise price of $0.005 per share, (ii) the reclassification of all outstanding shares of our Common Stock as Class A common stock, (iii) the conversion of all shares of our Series A Preferred Stock, other than those held by Mr. Sakellaris, into shares of our Class A common stock, (iv) the conversion of all other outstanding shares of our Series A Preferred Stock into shares of our Class B common stock, (v) the issuance of 932,500 shares of our Class A common stock upon the exercise of vested stock options by certain selling stockholders in connection with our initial public offering in July 2010 at a weighted-average exercise price of $1.94, and (vi) the issuance of an aggregate of 6,342,889 shares of our Class A common stock in connection with our initial public offering in July 2010.

(3) We define adjusted EBITDA as operating income before depreciation, amortization of intangible assets, impairment of goodwill and stock-based compensation expense. Adjusted EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or any other measure of financial performance calculated and presented in accordance with GAAP. For additional information and a reconciliation to the most directly comparable financial measure prepared in accordance with GAAP, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Overview — Non-GAAP Financial Measures" in Item 7.

(4) Federal ESPC liabilities represent the advances received from third-party investors under agreements to finance certain energy savings performance contract projects with various Federal Government agencies. Upon completion and acceptance of the project by the government, typically within 24 months of construction commencement, the ESPC receivable from the Government and corresponding related ESPC liability is eliminated from our consolidated balance sheet. Until recourse to us ceases for the ESPC receivables transferred to the investor, upon final acceptance of the work by the Government customer, we remain the primary obligor for financing received.

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Item 7. 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 consolidated financial statements and the related notes and other financial information included in Item 8 of this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should review the "Risk Factors" included in Item 1A of this Annual Report on Form 10-K for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

Ameresco is a leading provider of energy efficiency solutions for facilities throughout North America. 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. Our acquisition of the energy services business of Duke Energy in 2002 expanded our geographical reach into Canada and the southeastern United States and enabled us to penetrate the Federal Government market for energy efficiency projects. The acquisition of the energy services business of Exelon in 2004 expanded our geographical reach into the Midwest. Our acquisition of the energy services business of Northeast Utilities in 2006 substantially grew our capability to provide services for the Federal market and in Europe. Our acquisition of Southwestern Photovoltaic in 2007 significantly expanded our offering of solar energy products and services. Our acquisition of energy services company Quantum in 2010 expanded our geographical reach into the northwest U.S.

We made three acquisitions in 2011. Our acquisition of energy efficiency and demand side management consulting services provider Applied Energy Group, Inc. ("AEG"), expanded our service offering to utility customers. Our acquisition of APS Energy Services Company, Inc., which we renamed Ameresco Southwest, a company that provides a full range of integrated energy efficiency and renewable energy solutions, strengthened our geographical position in the southwest U.S. Our acquisition of the xChangePoint® and energy projects businesses from Energy and Power Solutions, Inc. ("EPS"), which we operate as Ameresco Intelligent Systems ("AIS"), expanded our service offerings to private sector commercial and industrial customers. AIS offers energy efficiency solutions to customers across North America encompassing the food and beverage, meat, dairy, paper, aerospace, oil and gas and REIT industries.

Our acquisition of infrastructure asset management solutions provider FAME Facility Software Solutions Inc. ("FAME") in 2012 expanded our asset planning consulting and software services offerings and our geographical position in western Canada.

Our acquisition of the business of Ennovate in the first quarter of 2013 increased our footprint and penetration in the Rocky Mountain area. Our acquisition of energy management consulting companies The Energy Services Partnership Limited and ESP Response Limited (together, now known as Ameresco Limited) in the second quarter of 2013 added a local presence in the U.K., expertise and seasoned energy industry professionals to support multi-national customers of our enterprise energy management service offerings.

Our acquisition of the energy consultancy and energy project management business of Energyexcel LLP in the third quarter of 2014 added to our local presence in the U.K. and to our commercial and industrial customer base.

Energy Savings Performance and Energy Supply Contracts

For our energy efficiency projects, we typically enter into ESPCs, under which we agree to develop, design, engineer and construct a project and also commit that the project will satisfy agreed-upon performance standards that vary from project to project. These performance commitments are typically based on the design, capacity, efficiency or operation of the specific equipment and systems we install. Our commitments generally fall into three categories: pre-agreed,

equipment-level and whole building-level. Under a pre-agreed energy reduction commitment, our customer reviews the project design in advance and agrees that, upon or shortly after completion of installation of the specified equipment comprising the project, the commitment will have been met. Under an equipment-level commitment, we commit to a level of energy use reduction based on the difference in use measured first with the existing equipment and then with the replacement equipment. A whole building-level commitment requires demonstration of energy usage reduction for a whole building, often based on readings of the utility meter where usage is measured. Depending on the project, the measurement and demonstration may be required only once, upon

installation, based on an analysis of one or more sample installations, or may be required to be repeated at agreed upon intervals generally over up to 20 years.

Under our contracts, we typically do not take responsibility for a wide variety of factors outside our control and exclude or adjust for such factors in commitment calculations. These factors include variations in energy prices and utility rates, weather, facility occupancy schedules, the amount of energy-using equipment in a facility, and the failure of the customer to operate or maintain the project properly. Typically, our performance commitments apply to the aggregate overall performance of a project rather than to individual energy efficiency measures. Therefore, to the extent an individual measure underperforms, it may be offset by other measures that overperform during the same period. In the event that an energy efficiency project does not perform according to the agreed-upon specifications, our agreements typically allow us to satisfy our obligation by adjusting or modifying the installed equipment, installing additional measures to provide substitute energy savings, or paying the customer for lost energy savings based on the assumed conditions specified in the agreement. Many of our equipment supply, local design, and installation subcontracts contain provisions that enable us to seek recourse against our vendors or subcontractors if there is a deficiency in our energy reduction commitment. See “We may have liability to our customers under our ESPCs if our projects fail to deliver the energy use reductions to which we are committed under the contract” in Item 1A, Risk Factors in this Annual Report on Form 10-K.

Payments by the Federal Government for energy efficiency measures are based on the services provided and the products installed, but are limited to the savings derived from such measures, calculated in accordance with Federal regulatory guidelines and the specific contract’s terms. The savings are typically determined by comparing energy use and other costs before and after the installation of the energy efficiency measures, adjusted for changes that affect energy use and other costs but are not caused by the energy efficiency measures.

For projects involving the construction of a small-scale renewable energy plant that we own and operate, we enter into long-term contracts to supply the electricity, processed LFG, heat or cooling generated by the plant to the customer, which is typically a utility, municipality, industrial facility or other large purchaser of energy. The rights to use the site for the plant and purchase of renewable fuel for the plant are also obtained by us under long-term agreements with terms at least as long as the associated output supply agreement. Our supply agreements typically provide for fixed prices or prices that escalate at a fixed rate or vary based on a market benchmark. See “We may assume responsibility under customer contracts for factors outside our control, including, in connection with some customer projects, the risk that fuel prices will increase” in Item 1A, Risk Factors in this Annual Report on Form 10-K.

Project Financing

To finance projects with Federal Governmental agencies, we typically sell to third-party lenders our right to receive a portion of the long-term payments from the customer arising out of the project for a purchase price reflecting a discount to the aggregate amount due from the customer. The purchase price is generally advanced to us over the implementation period based on completed work or a schedule predetermined to coincide with the construction of the project. Under the terms of these financing arrangements, we are required to complete the construction or installation of the project in accordance with the contract with our customer, and the liability remains on our consolidated balance sheet until the completed project is accepted by the customer. Once the completed project is accepted by the customer, the financing is treated as a true sale and the related receivable and financing liability are removed from our consolidated balance sheet.

Institutional customers, such as state, provincial and local governments, schools and public housing authorities, typically finance their energy efficiency and renewable energy projects through either tax-exempt leases or issuances of municipal bonds. We assist in the structuring of such third-party financing.

In some instances, customers prefer that we retain ownership of the renewable energy plants and related project assets that we construct for them. In these projects, we typically enter into a long-term supply agreement to furnish electricity, gas, heat or cooling to the customer’s facility. To finance the significant upfront capital costs required to develop and construct the plant, we rely either on our internal cash flow or, in some cases, third-party debt. For project financing by third-party lenders, we typically establish a separate subsidiary, usually a limited liability company, to

own the project assets and related contracts. The subsidiary contracts with us for construction and operation of the project and enters into a financing agreement directly with the lenders. Additionally, we will provide assurance to the lender that the project will achieve commercial operation. Although the financing is secured by the assets of the subsidiary and a pledge of our equity interests in the subsidiary, and is non-recourse to Ameresco, Inc., we may from time to time determine to provide financial support to the subsidiary in order to maintain rights to

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the project or otherwise avoid the adverse consequences of a default. The amount of such financing is included on our consolidated balance sheet.

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 operating results may fluctuate significantly from quarter to quarter and may fall below expectations in any particular fiscal quarter” in Item 1A, Risk Factors in this Annual Report on Form 10-K.

Backlog and Awarded Projects

Total construction backlog represents projects that are active within our ESPC sales cycle. Our sales cycle begins with the initial contact with the customer and ends, when successful, with a signed contract, also referred to as fully-contracted backlog. Our sales cycle recently has been averaging 18 to 42 months. Awarded backlog is created when a potential customer awards a project to Ameresco following a request for proposal. Once a project is awarded but not yet contracted, we typically conduct a detailed energy audit to determine the scope of the project as well as identify the savings that may be expected to be generated from upgrading the customer’s energy infrastructure. At this point, we also determine the sub-contractor, what equipment will be used, and assist in arranging for third party financing, as applicable. Recently, awarded projects have been taking 12 to 18 months to result in a signed contract and thus convert to fully-contracted backlog. It may take longer, however, depending upon the size and complexity of the project. Historically, approximately 90% of our awarded projects ultimately have resulted in a signed contract. After the customer and Ameresco agree to the terms of the contract and the contract for the project is executed, the project moves to fully-contracted backlog. The contracts reflected in our fully-contracted backlog typically have a construction period of 12 to 24 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 on a percentage-of-completion basis 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 this Annual Report on Form 10-K.

As of December 31, 2014, we had backlog of approximately $386.2 million in expected future revenues under signed customer contracts for the installation or construction of projects, which we sometimes refer to as fully-contracted backlog; and we also had been awarded projects for which we do not yet have signed customer contracts with estimated total future revenues of an additional $853.8 million. As of December 31, 2013, we had fully-contracted backlog of approximately $361.9 million in 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 $993.0 million.

Financial Operations Overview

Revenues

We derive revenues principally from energy efficiency projects, which entails the design, engineering and installation of equipment and other measures to improve the efficiency and control the operation of a facility's energy infrastructure; this can include designing and constructing for a customer a central plant or cogeneration system providing power, heat and/or cooling to a building, or other small-scale plant that produces electricity, gas, heat or cooling from renewable sources of energy. We also derive revenue from: long-term O&M contracts; energy supply contracts for renewable energy operating assets that we own; integrated-PV; and consulting and enterprise energy management services.

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Historically, including for the years ended December 31, 2014, 2013 and 2012, approximately 80% of of our revenues have been derived from Federal, state, provincial or local government entities, including public housing authorities and public universities.

Cost of Revenues and Gross Margin

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

Cost of revenues also include costs for the small-scale renewable energy plants that we own, including the cost of fuel (if any) and depreciation charges.

As a result of certain acquisitions, we have intangible assets related to customer contracts; these are amortized over a period of approximately one to five years from the respective date of acquisition. This amortization is recorded as a cost of revenues in the consolidated statements of income. Amortization expense for the years ended December 31, 2014 and 2013 related to customer contracts was $1.7 million and $1.6 million, respectively.

Gross margin, which is gross profit as a percent of revenues, is affected by a number of factors, including the type of services performed. Renewable energy projects that we own and operate typically have higher margins than energy efficiency projects, and sales in the United States typically have higher margins than in Canada due to the typical mix of products and services that we sell there.

In addition, gross margin frequently varies across the construction period of a project. Our expected gross margin on, and expected revenues for, a project are based on budgeted costs. From time to time, a portion of the contingencies reflected in budgeted costs are not incurred due to strong execution performance. In that case, and generally at project completion, we recognize revenues for which there is no further corresponding cost of revenues. As a result, gross margin tends to be back-loaded for projects with strong execution performance; this explains the gross margin improvement that occurs from time to time at project closeout. We refer to this gross margin improvement at the time of project completion as a project closeout.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include salaries and benefits, project development costs, and general and administrative expenses not directly related to the development or installation of projects.

Salaries and benefits. Salaries and benefits consist primarily of expenses for personnel not directly engaged in specific project or revenue generating activity. These expenses include the time of executive management, legal, finance, accounting, human resources, information technology and other staff not utilized in a particular project. We employ a comprehensive time card system which creates a contemporaneous record of the actual time by employees on project activity.

Project development costs. Project development costs consist primarily of sales, engineering, legal, finance and third-party expenses directly related to the development of a specific customer opportunity. This also includes associated travel and marketing expenses.

General and administrative expenses. These expenses consist primarily of rents and occupancy, professional services, insurance, unallocated travel expenses, telecommunications, office expenses and amortization of intangible assets not related to customer contracts. Professional services consist principally of recruiting costs, external legal, audit, tax and other consulting services. For the years ended December 31, 2014 and 2013, we recorded amortization expense of $3.1 million and $3.3 million, respectively, related to customer relationships, non-compete agreements, technology and trade names. Amortization expense related to these intangible assets is included in selling, general and administrative expenses in the consolidated statements of income. For the year ended December 31, 2014 we recorded $2.0 million in restructuring charges and $1.4 million in bad debt expense related to a single customer. For the year ended December 31, 2013, we recorded $1.1 million related to the release of a contingent liability associated with a

prior year acquisition.

Goodwill Impairment

We conducted our annual goodwill impairment test as of December 31, 2014, 2013 and 2012 for all reporting units and noted no impairment as of the 2014 and 2013 testing dates. The testing performed for the year ended December 31, 2012,

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indicated that the goodwill of our Canada reporting unit related to our 2009 acquisition of Byrne Engineering, Inc. (“Byrne”), was likely impaired as the carrying value of the reporting unit exceeded its estimated fair value. Accordingly, we recorded a non-cash, non-tax deductible goodwill impairment charge of $1.0 million during the year ended December 31, 2012.

Other Expenses, Net

Other expenses, net includes gains and losses from derivatives, interest income and expenses, amortization of deferred financing costs, net and foreign currency transaction gains and losses. Interest expense will vary periodically depending on the amounts drawn on our revolving senior secured credit facility and the prevailing short-term interest rates.

Provision for Income Taxes

The provision for income taxes is based on various rates set by Federal and local authorities and is affected by permanent and temporary differences between financial accounting and tax reporting requirements.

Non-GAAP Financial Measures

We use the non-GAAP financial measures defined and discussed below to provide investors and others with useful supplemental information to our financial results prepared in accordance with GAAP. These non-GAAP financial measures should not be considered as an alternative to any measure of financial performance calculated and presented in accordance with GAAP. The tables below provide a reconciliation of these non-GAAP measures to the most directly comparable financial measures prepared in accordance with GAAP.

We understand that, although measures similar to these non-GAAP financial measures are frequently used by investors and securities analysts in their evaluation of companies, they have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for the most directly comparable GAAP financial measures or an analysis of our results of operations as reported under GAAP. To properly and prudently evaluate our business, we encourage investors to review our GAAP financial statements included above, and not to rely on any single financial measure to evaluate our business.

Adjusted EBITDA

We define adjusted EBITDA as operating income before depreciation, amortization of intangible assets, impairment of goodwill and stock-based compensation expense. We believe adjusted EBITDA is useful to investors in evaluating our operating performance for the following reasons: adjusted EBITDA and similar non-GAAP measures are widely used by investors to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon financing and accounting methods, book values of assets, capital structures and the methods by which assets were acquired; securities analysts often use adjusted EBITDA and similar non-GAAP measures as supplemental measures to evaluate the overall operating performance of companies; and by comparing our adjusted EBITDA in different historical periods, investors can evaluate our operating results without the additional variations of depreciation and amortization expense, goodwill impairment and stock-based compensation expense.

Our management uses adjusted EBITDA: as a measure of operating performance, because it does not include the impact of items that we do not consider indicative of our core operating performance; for planning purposes, including the preparation of our annual operating budget; to allocate resources to enhance the financial performance of the business; to evaluate the effectiveness of our business strategies; and in communications with the board of directors and investors concerning our financial performance.

Adjusted Cash From Operations

We define adjusted cash from operations as cash flows from operating activities plus proceeds from Federal ESPC projects. Cash received in payment of Federal ESPC projects is treated as a financing cash flow under GAAP due to the unusual financing structure for these projects. These cash flows, however, correspond to the revenue generated by these projects. Thus we believe that adjusting operating cash flow to include the cash generated by our Federal ESPC projects provides investors with a useful measure for evaluating the cash generating ability of our core operating business. Our management uses adjusted cash from operations as a measure of liquidity because it captures all sources

of cash associated with our revenue generated by operations.

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Reconciliations

The following table presents a reconciliation of adjusted EBITDA to operating income, the most comparable GAAP measure (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Operating income	$13,151	$6,632	$28,657
Depreciation, amortization of intangible assets and impairment	22,829	20,475	20,356
Stock-based compensation	2,493	2,799	3,351
Adjusted EBITDA	$38,473	$29,906	$52,364

The following table presents a reconciliation of adjusted cash from operations to cash flows from operating activities, the most comparable GAAP measure (in thousands):

	Year Ended December 31,		
	2014	2013	2012
Cash flows from operating activities	$254	$(60,609)	$42,209
Plus: proceeds from Federal ESPC projects	51,165	40,010	30,203
Adjusted cash from operations	$51,419	$(20,599)	$72,412

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expense and related disclosures. The most significant estimates with regard to these consolidated financial statements relate to estimates of final contract profit in accordance with long-term contracts, project development costs, project assets, impairment of goodwill, impairment of long-lived assets, fair value of derivative financial instruments, income taxes and stock-based compensation expense. 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 critical accounting policies that, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

For each arrangement we have with a customer, we typically provide a combination of one or more of the following services or products:

- installation or construction of energy efficiency measures, facility upgrades and/or a renewable energy plant to be owned by the customer;
- sale and delivery, under long-term agreements, of electricity, gas, heat, chilled water or other output of a renewable energy or central plant that we own and operate;
- sale and delivery of PV equipment and other renewable energy products for which we are a distributor, whether under our own brand name or for others;
- O&M services provided under long-term O&M agreements; and
- enterprise energy management and consulting services.

Often, we will sell a combination of these services and products in a bundled arrangement. We divide bundled arrangements into separate deliverables and revenue is allocated to each deliverable based on the relative selling price. The relative selling price is determined using third party evidence or management’s best estimate of selling price.

We recognize revenues from the installation or construction of a project on a percentage-of-completion basis. The percentage-of-completion for each project is determined on an actual cost-to-estimated final cost basis. In accordance with industry practice, we include in current assets and liabilities the amounts of receivables related to construction projects that are payable over a period in excess of one year. We recognize revenues associated with contract change orders only when the authorization for the change order has been properly executed and the work has been performed. When the estimate on a contract indicates a loss, or claims against costs incurred reduce the likelihood of recoverability of such costs, our policy is to record the entire expected loss immediately, regardless of the percentage of completion.

Deferred revenue represents circumstances where (i) there has been a receipt of cash from the customer for work or services that have yet to be performed, (ii) receipt of cash where the product or service may not have been accepted by the customer or (iii) when all other revenue recognition criteria have been met, but an estimate of the final total cost cannot be determined. Deferred revenue will vary depending on the timing and amount of cash receipts from customers and can vary significantly depending on specific contractual terms. As a result, deferred revenue is likely to fluctuate from period to period. 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.

We recognize revenues from the sale and delivery of products, including the output of our renewable energy plants, when produced and delivered to the customer, in accordance with the specific contract terms, provided that persuasive evidence of an arrangement exists, our price to the customer is fixed or determinable and collectability is reasonably assured.

We recognize revenues from O&M contracts, consulting services and enterprise energy management services as the related services are performed.

For a limited number of contracts under which we receive additional revenue based on a share of energy savings, we recognize such additional revenue as energy savings are generated.

Project Development Costs

We capitalize as project development costs only those costs incurred in connection with the development of energy efficiency and renewable energy projects, primarily direct labor, interest costs, outside contractor services, consulting fees, legal fees and associated travel, if incurred after a point in time when the realization of related revenue becomes probable. Project development costs incurred prior to the probable realization of revenues are expensed as incurred.

Project Assets

We capitalize interest costs relating to construction financing during the period of construction. The interest capitalized is included in the total cost of the project at completion. The amount of interest capitalized for the years ended December 31, 2014, 2013 and 2012 was $0.5 million, $1.8 million and $2.1 million, respectively.

Routine maintenance costs are expensed in the current year’s consolidated statements of income to the extent that they do not extend the life of the asset. Major maintenance, upgrades and overhauls are required for certain components of our assets. In these instances, the costs associated with these upgrades are capitalized and are depreciated over the shorter of the life of the asset or until the next required major maintenance or overhaul period. Gains or losses on disposal of property and equipment are reflected in selling, general and administrative expenses in the consolidated statements of income.

We evaluate our long-lived assets for impairment as events or changes in circumstances indicate the carrying value of these assets may not be fully recoverable. We evaluate recoverability of long-lived assets to be held and used by estimating the undiscounted future cash flows before interest associated with the expected uses and eventual disposition of those assets. When these comparisons indicate that the carrying value of those assets is greater than the undiscounted cash flows, we recognize an impairment loss for the amount that the carrying value exceeds the fair value.

Impairment of Goodwill and Intangible Assets

We apply accounting standards codification (“ASC”) 350, Intangibles-Goodwill and Other, in accounting for the valuation of goodwill and identifiable intangible assets. We have selected December 31 as our annual goodwill

impairment review date. During our annual goodwill impairment tests at December 31, 2014 and 2013, we determined that the fair value of the enterprise value (equity value plus debt less cash) exceeded the carrying value of the enterprise value for all reporting units, and therefore goodwill and intangible assets were not impaired. During our annual goodwill impairment test at December 31, 2012, we determined that the fair value of our Canada reporting unit did not exceed the carrying value of its enterprise value, and

therefore goodwill was impaired and an impairment charge of $1.0 million was recorded against the goodwill of our Canada reporting unit on December 31, 2012; we also determined that the remainder of our goodwill and intangible assets were not impaired as of December 31, 2012. Based on our goodwill impairment assessment, all of our reporting units with goodwill had estimated fair values as of December 31, 2014 that exceeded their carrying values by at least 15%.

Goodwill represents the excess of cost over the fair value of net tangible and identifiable intangible assets of businesses acquired. We assess the impairment of goodwill and intangible assets with indefinite lives on an annual basis and whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. We would record an impairment charge if such an assessment were to indicate that, more likely than not, the fair value of such assets was less than their carrying values. Judgment is required in determining whether an event has occurred that may impair the value of goodwill or identifiable intangible assets. Factors that could indicate that an impairment may exist include significant underperformance relative to plan or long-term projections, significant changes in business strategy, significant negative industry or economic trends or a significant decline in the base stock price of our public competitors for a sustained period of time. When changes occur in the composition of one or more reporting units, the goodwill is reassigned to the reporting units affected based on their relative fair values.

The first step, or Step 1, of the goodwill impairment test, used to identify potential impairment, compares the fair value of the equity with its carrying amount, including goodwill. If the fair value of the equity exceeds its carrying amount, goodwill of the reporting unit is considered not impaired, thus the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any. We performed a Step 1 test at our December 31, 2014, 2013 and 2012 annual testing dates and determined, with the exception of our Canada reporting unit as of December 31, 2012, that the fair value of the enterprise value exceeded the carrying value of the enterprise value, and therefore that goodwill was not impaired.

We completed the Step 1 test using both an income approach and a market approach. The discounted cash flow method was used to measure the fair value of our equity under the income approach. A terminal value utilizing a constant growth rate of cash flows was used to calculate a terminal value after the explicit projection period. Determining the fair value using a discounted cash flow method requires that we make significant estimates and assumptions, including long-term projections of cash flows, market conditions and appropriate discount rates. Our judgments are based upon historical experience, current market trends, pipeline for future sales and other information. While we believe that the estimates and assumptions underlying the valuation methodology are reasonable, different estimates and assumptions could result in a different outcome. In estimating future cash flows, we rely on internally generated projections for a defined time period for sales and operating profits, including capital expenditures, changes in net working capital and adjustments for non-cash items to arrive at the free cash flow available to invested capital. Under the market approach, we estimate the fair value based on market multiples of revenue and earnings of comparable publicly traded companies and comparable transactions of similar companies. The estimates and assumptions used in our calculations include revenue growth rates, expense growth rates, expected capital expenditures to determine projected cash flows, expected tax rates and an estimated discount rate to determine present value of expected cash flows. These estimates are based on historical experiences, our projections of future operating activity and our weighted-average cost of capital.

Separable intangible assets that are not deemed to have indefinite lives are amortized over their useful lives. We annually assess whether a change in the life over which our intangible assets are amortized is necessary or more frequently if events or circumstances warrant. We review all amortizable intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to their carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then intangible assets are written down first, followed by the other long-lived assets of the operation, to fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the

assets.

If we determine that an impairment has occurred, we will record a write-down of the carrying value and charge the impairment as an operating expense in the period the determination is made. Although we believe goodwill and intangible assets are appropriately stated in our consolidated financial statements, changes in strategy or market conditions could significantly impact these judgments and require an adjustment to the recorded balance.

As previously described, for the year ended December 31, 2012, during the course of our valuation analysis it was determined that the fair value of our Canada segment was less than the carrying amount of this segment. This determination

prompted the performance of the Step 2 test as prescribed under ASC 350, recognizing and measuring the amount of the impairment loss, if any. Step 2 of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with carrying amount of the goodwill. The fair value of this goodwill can only be measured as a residual after the entity assigns the fair value of the reporting unit to all the assets and liabilities of that reporting unit, including any unrecognized intangible assets as if the reporting unit had been acquired in a business combination. The carrying amount of the goodwill of our Canada segment exceeded the implied fair value of that goodwill and an impairment charge of $1.0 million was recorded against this goodwill in the fourth quarter of 2012.

Impairment of Long-Lived Assets

We use the guidance prescribed in ASC 360, Property, Plant and Equipment, for the proper testing and valuation methodology to ensure we record any impairment when the carrying amount of a long-lived asset is not recoverable equivalent to an amount equal to its fair market value.

We review long-lived asset groups for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Examples of such triggering events applicable to our asset groups include a significant decrease in the market price of a long-lived 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 group.

Should an asset group be identified as potentially impaired based on the defined criteria, an impairment test is performed that includes a comparison of the estimated undiscounted cash flows of the asset as compared to the recorded value of the asset. During the twelve months ended December 31, 2014, 2013 and 2012, no asset group was identified as being impaired. If these estimates or their related assumptions change in the future, an impairment charge may be required against these assets in the reporting period in which the impairment is determined.

Derivative Financial Instruments

We account for our interest rate swaps as derivative financial instruments. As required under GAAP, derivatives are carried on our consolidated balance sheets at fair value. The fair value of our interest rate swaps is determined based on observable market data in combination with expected cash flows for each instrument.

We follow the guidance which expands the disclosure requirements for derivative instruments and hedging activities. In the normal course of business, we utilize derivative contracts as part of our risk management strategy to manage exposure to market fluctuations in interest rates. These instruments are subject to various credit and market risks. Controls and monitoring procedures for these instruments have been established and are routinely reevaluated. Credit risk represents the potential loss that may occur because a party to a transaction fails to perform according to the terms of the contract. The measure of credit exposure is the replacement cost of contracts with a positive fair value. We seek to manage credit risk by entering into financial instrument transactions only through counterparties that we believe to be creditworthy. Market risk represents the potential loss due to the decrease in the value of a financial instrument caused primarily by changes in interest rates. We seek to manage market risk by establishing and monitoring limits on the types and degree of risk that may be undertaken. As a matter of policy, we do not use derivatives for speculative purposes.

We are exposed to interest rate risk through our borrowing activities. A portion of our project financing includes five credit facilities, both project related and corporate, that utilize a variable rate swap instrument.

- Prior to December 31, 2009, we entered into two interest rate swap contracts under which we agreed to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to, in turn, receive an amount equal to a specified variable rate of interest times the same notional principal amount.
- During the year ended December 31, 2010, we entered into a 14-year interest rate swap contract under which we agreed to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount.
- In July 2011, we entered into a five-year interest rate swap contract under which we agreed to pay an amount equal to a specified fixed rate of interest times a notional amount, and to in turn receive an amount equal to a specified variable

rate of interest times the same notional principal amount. The 2011 swap covers an initial notional amount of $38.6 million variable rate note at a fixed interest rate of 1.965% and expires in June 2016.

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- In October 2012, and in connection with a construction and term loan, we entered into two eight-year interest rate swap contracts under which we agreed to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swaps have an initial notional amount of $16.8 million, which increased to $42.2 million on September 30, 2013, at a fixed rate of 1.71%, and expires in March 2020.

- In October 2012, we also entered into two eight-year forward starting interest rate swap contracts under which the Company agreed to pay an amount equal to specified fixed rate of interest times a notional amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swaps cover an initial notional amount of $25.4 million variable rate note at a fixed interest rate of 3.70%, with an effective date of March 31, 2020, and expires in June 2028.

We entered into each of the interest rate swap contracts as an economic hedge.

We recognize all derivatives in our consolidated financial statements at fair value.

The interest rate swaps that we entered into prior to December 31, 2009 qualified, but were not designated as cash flow hedges until April 1, 2010. Accordingly, any changes in fair value through March 31, 2010 were reported in other expenses, net in our consolidated statements of income at fair value, and in the consolidated statements of comprehensive income (loss) thereafter. Cash flows from these derivative instruments are reported as operating activities on the consolidated statements of cash flows.

The interest rate swap that we entered into in March 2010 was a floating-to-fixed interest rate swap. This swap was designated as a hedge in March 2013. During the second quarter of 2014 this swap was de-designated and re-designated as a hedge as a result of a partial pay down of the associated hedged debt principal. As a result $566 was reclassified from accumulated other comprehensive income and recorded as a reduction to other expenses, net in our consolidated statements of income (loss) during the second quarter of 2014.

The interest rate swaps that we entered into during 2011 and 2012 qualify, and have been designated, as cash flow hedges.

We recognize the fair value of derivative instruments designated as hedges in our consolidated balance sheets and any changes in the fair value are recorded as adjustments to other comprehensive income (loss).

Income Taxes

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

We account for uncertain tax positions using a “more-likely-than-not” threshold for recognizing and resolving uncertain tax positions. The evaluation of uncertain tax positions is based on factors that include, but are not limited to, changes in tax law, the measurement of tax positions taken or expected to be taken in tax returns, the effective settlement of matters subject to audit, new audit activity and changes in facts or circumstances related to a tax position. We evaluate uncertain tax positions on a quarterly basis and adjust the level of the liability to reflect any subsequent changes in the relevant facts surrounding the uncertain positions. Our liabilities for an uncertain tax position can be relieved only if the contingency becomes legally extinguished through either payment to the taxing authority or the expiration of the statute of limitations, the recognition of the benefits associated with the position meet the “more-likely-than-not” threshold or the liability becomes effectively settled through the examination process. We consider matters to be effectively settled once: the taxing authority has completed all of its required or expected examination procedures, including all appeals and administrative reviews; we have no plans to appeal or litigate any aspect of the tax position; and we believe that it is highly unlikely that the taxing authority would examine or re-examine the related tax position. We also accrue for potential interest and penalties, related to unrecognized tax benefits in income tax expense.

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Stock-Based Compensation Expense

Our stock-based compensation expense results from the issuances of shares of restricted common stock and grants of stock options to employees, directors, outside consultants and others. We recognize the costs associated with option grants using the fair value recognition provisions of ASC 718, Compensation — Stock Compensation. Generally, ASC 718 requires the value of all stock-based payments to be recognized in the statement of operations based on their estimated fair value at date of grant amortized over the grants' respective vesting periods. For the years ended December 31, 2014, 2013 and 2012, we recorded stock-based compensation expense of approximately $2.5 million, $2.8 million, and $3.4 million, respectively, in connection with stock-based payment awards. The compensation expense is allocated between cost of revenues and selling, general and administrative expenses in the accompanying consolidated statements of income based on the salaries and work assignments of the employees holding the options.

Stock Option Grants

We have granted stock options to certain employees and directors under our 2000 stock incentive plan; however, we will grant no further stock options or restricted stock awards under that plan. We have also granted stock options to certain employees and directors under our 2010 stock incentive plan. At December 31, 2014, 8,488,457 shares were available for grant under that plan.

Under the terms of our 2000 and 2010 stock incentive plans, all options expire if not exercised within ten years after the grant date. Historically, options generally provided for vesting over five years, with 20% vesting at the end of the first year and five percent vesting every three months beginning one year after the grant date. During 2011, we began awarding options generally providing for vesting over five years, with 20% vesting on each of the first five anniversaries of the grant date. If the employee ceases to be employed for any reason before vested options have been exercised, the employee generally has three months to exercise vested options or they are forfeited.

We follow the fair value recognition provisions of ASC 718 requiring that all stock-based payments to employees, including grants of employee stock options and modifications to existing stock options, be recognized in the consolidated statements of income based on their fair values, using the prospective-transition method.

We use the Black-Scholes option pricing model to determine the weighted-average fair value of options granted and record stock-based compensation expense utilizing the straight-line method.

The determination of the fair value of stock-based payment awards utilizing the Black-Scholes model is affected by the stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The following table sets forth the significant assumptions used in the model during 2014, 2013 and 2012:

	Year Ended December 31,		
	2014	2013	2012
Expected dividend yield	—%	—%	—%
Risk-free interest rate	1.93%-2.01%	1.03%-2.18%	0.82%-1.25%
Expected volatility	50%-52%	34%-52%	32%
Expected life	6.5 years	6.0-6.5 years	6.5 years

We will continue to use our judgment in evaluating the expected term, volatility and forfeiture rate related to our own stock-based compensation on a prospective basis, and incorporating these factors into the Black-Scholes pricing model. Higher volatility and longer expected lives result in an increase to stock-based compensation expense determined at the date of grant. In addition, any changes in the estimated forfeiture rate can have a significant effect on reported stock-based compensation expense, as the cumulative effect of adjusting the rate for all expense amortization is recognized in the period that the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in our consolidated financial statements. If a revised forfeiture rate is lower than the previously estimated rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in our consolidated financial statements. These expenses will affect our cost of revenues as well as our selling, general and administrative expenses.

As of December 31, 2014, we had $3.7 million of total unrecognized stock-based compensation cost related to employee and director stock options. We expect to recognize this cost over a weighted-average period of 2.8 years after December 31,

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2014. The allocation of this expense between cost of revenues and selling, general and administrative expenses will depend on the salaries and work assignments of the personnel holding these options.

Recent Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-11, Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force) ("ASU" 2013-11). The amendments in this ASU provide guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. An unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward with certain exceptions, in which case such an unrecognized tax benefit should be presented in the financial statements as a liability. We adopted ASU 2013-11 beginning January 1, 2014. This ASU did not have a material effect on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The guidance in this ASU supersedes the revenue recognition requirements in ASC 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. This ASU also supersedes some cost guidance included in ASC 605-35, Revenue Recognition-Construction-Type and Production-Type Contracts. In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer are amended to be consistent with the guidance on recognition and measurement in this ASU. For a public entity, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Retrospective application of the amendments in this ASU is required. The new guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption (with some limited relief provided) or a modified retrospective approach. Early application is not permitted under GAAP. We are currently assessing the impact of this ASU on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements — Going Concern (Subtopic 205-40) ("ASU 2014-15"). ASU 2014-15 requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles of current U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term "substantial doubt", (2) require an evaluation every reporting period, including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is still present, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective for annual reporting periods ending after December 15, 2016 and interim periods thereafter. We do not believe that this pronouncement will have an impact on our consolidated financial statements.

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Results of Operations

The following table sets forth certain financial data from the consolidated statements of income expressed as a percentage of revenues for the periods indicated (in thousands):

	Year Ended December 31,					
	2014		2013		2012	
	Dollar Amount	% of Revenues	Dollar Amount	% of Revenues	Dollar Amount	% of Revenues
Revenues	$593,241	100.0 %	$574,171	100.0 %	$631,171	100.0 %
Cost of revenues	476,309	80.3 %	470,846	82.0 %	503,024	79.7 %
Gross profit	116,932	19.7 %	103,325	18.0 %	128,147	20.3 %
Selling, general and administrative expenses	103,781	17.5 %	96,693	16.8 %	98,474	15.6 %
Goodwill impairment	—	— %	—	— %	1,016	0.2 %
Operating income	13,151	2.2 %	6,632	1.2 %	28,657	4.5 %
Other expenses, net	6,859	1.2 %	3,873	0.7 %	4,050	0.6 %
Income before (benefit) provision for income taxes	6,292	1.1 %	2,759	0.5 %	24,607	3.9 %
Income tax (benefit) provision	(4,091)	(0.7)%	345	0.1 %	6,247	1.0 %
Net income	$10,383	1.8 %	$2,414	0.4 %	$18,360	2.9 %

Revenues

The following table sets forth a comparison of our revenues for the periods indicated (in thousands):

	Year Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
Revenues	$593,241	$574,171	$19,070	3.3 %

	Year Ended December 31,		Dollar	Percentage
	2013	2012	Change	Change
Revenues	$574,171	$631,171	$(57,000)	(9.0)%

Total revenues increased by $19.1 million, or 3.3%, from 2013 to 2014 primarily due to a $29.5 million increase in revenues from our U.S. Federal segment, a $11.6 million increase in revenues from our Small-Scale Infrastructure segment, a $6.9 million increase in revenues from integrated-PV sales and enterprise energy management services and $9.7 million in revenues as a result of our current year acquisitions. These increases were partially offset by a $40.0 million decrease in revenues from our U.S. Regions segment.

Total revenues decreased by $57.0 million, or 9.0%, from 2012 to 2013 primarily due to a $70.8 million decrease in revenues from our U.S. Regions and U.S. Federal segments, partially offset by an $8.2 million increase in our Canada segment a $2.4 million increase in our Small-Scale Infrastructure segment and $3.6 million increase in revenues from integrated-PV sales. The decrease in revenues from our U.S. Regions and U.S. Federal segments was primarily due to the lagged effect of delays in converting awarded projects to signed contracts, a trend continued from 2012.

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Cost of Revenues and Gross Margin

The following table sets forth a comparison of our cost of revenues and gross profit for the periods indicated (in thousands):

	Year Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
Cost of revenues	$476,309	$470,846	$5,463	1.2 %
Gross margin %	19.7 %	18.0 %		

	Year Ended December 31,		Dollar	Percentage
	2013	2012	Change	Change
Cost of revenues	$470,846	$503,024	$(32,178)	(6.4)%
Gross margin %	18.0 %	20.3 %		

Cost of revenues. Total cost of revenues increased $5.5 million, or 1.2%, from 2013 to 2014 due primarily to the increase in revenues described above, partially offset by a favorable mix of higher margin projects and a $1.0 million recovery during the second quarter of 2014 related to a customer warranty issue. Total cost of revenues decreased by $32.2 million, or 6.4%, from 2012 to 2013 due primarily to the decrease in revenues year-over-year.

Gross margin. Gross margin increased from 18.0% in 2013 to 19.7% in 2014. The increase was driven primarily by the favorable mix of higher margin projects and the customer warranty recovery described above. Gross margin decreased from 20.3% in 2012 to 18.0% in 2013. The decrease was driven primarily by a proportional increase in lower margin projects as a percentage of total revenues as well as fewer project closeout adjustments in 2013.

Selling, General and Administrative Expenses

The following table sets forth a comparison of our selling, general and administrative expenses for the periods indicated (in thousands):

	Year Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
Selling, general and administrative expenses	$103,781	$96,693	$7,088	7.3 %

	Year Ended December 31,		Dollar	Percentage
	2013	2012	Change	Change
Selling, general and administrative expenses	$96,693	$98,474	$(1,781)	(1.8)%

Selling, general and administrative expenses increased $7.1 million, or 7.3%, from 2013 to 2014 to $103.8 million primarily due to $2.0 million in restructuring charges, a $1.7 million increase in project development costs and $1.4 million in bad debt expense related to a single customer. Selling, general and administrative expenses for the twelve months ended December 31, 2014 also includes incremental expenses, including $2.6 million in salaries and benefits, as a result of acquisitions.

Selling, general and administrative expenses decreased $1.8 million or 1.8% to $96.7 million from 2012 to 2013 primarily due to a decrease in salaries and benefits of $6.7 million, resulting from improved utilization rates (that is, an increase in employee time spent on specific project or revenue generating activity) partially offset by a $2.3 million increase in professional fees, a $1.1 million increase in information technology expenses, a $0.5 million increase in insurance expense and a $0.7 million increase in depreciation and amortization expense.

Goodwill Impairment

We conducted our annual goodwill impairment test as of December 31, 2014, 2013 and 2012 for all reporting units and noted no impairment of goodwill as of the 2014 and 2013 test dates. The 2012 test, which was based on our then most recent cash flow forecast, indicated that the goodwill of our Canada reporting unit related to our 2009 Byrne acquisition was impaired, as the carrying value exceeded its estimated fair value. Accordingly, we recorded a non-cash, non-tax deductible goodwill impairment charge of $1.0 million during the year ended December 31, 2012.

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Other Expenses, Net

Other expenses, net increased from 2013 to 2014 by $3.0 million primarily due to foreign currency exchange losses and a $1.3 million increase in interest expense, net of interest income. The increase in interest expense, net of interest income was due to a decrease in interest capitalized relating to construction financing and an increase in interest related to the conversion to term loans on our construction-to-term loan credit facility during the second half of 2013 and first half of 2014. Other expenses, net decreased from 2012 to 2013 by $0.2 million.

Income Before Taxes

Income before taxes increased from 2013 to 2014 by $3.5 million, or 128.1%, due to the reasons described above. Income before taxes decreased from 2012 to 2013 by $21.8 million, or 88.8%, primarily due to lower revenues and an increase in operating expenses, both as described above.

(Benefit) Provision for Income Taxes

The (benefit) provision for income taxes is based on various rates set by Federal, state, provincial and local authorities and is affected by permanent and temporary differences between financial accounting and tax reporting requirements. Our statutory rate, which is a combined Federal and state rate, has ranged between 38.1% and 45.6%. During 2014, we recognized an income tax benefit of $4.1 million. The effective annual income tax rate for 2014 was (65.0)%. The principal reason for the difference between the statutory rate and the annual effective rate were the effects of investment tax credits and production tax credits to which we are entitled from plants we own.

During 2013, we recognized income taxes of $0.3 million, or 12.5% of pretax income. The principal difference between the statutory rate and the effective rate was due to deductions permitted under Section 179D of the Code, which relate to the installation of certain energy efficiency equipment in Federal, state, provincial and local government-owned buildings, as well as production tax credits to which we are entitled from the electricity generated by certain plants that we own. These energy efficiency tax benefits accounted for a $3.3 million reduction in the 2013 provision, or a reduction of 118.9% in the effective rate.

During 2012, we recognized income taxes of $6.2 million, or 25.4% of pretax income. The principal difference between the statutory rate and the effective rate was due to deductions permitted under Section 179D of the Code, which relate to the installation of certain energy efficiency equipment in Federal, state, provincial and local government-owned buildings, as well as production tax credits to which we are entitled from the electricity generated by certain plants that we own. These energy efficiency tax benefits accounted for a $7.0 million reduction in the 2012 provision, or a reduction of 28.6% in the effective rate.

Net Income

Net income increased $8.0 million to $10.4 million for the twelve months ended December 31, 2014 compared to $2.4 million for the same period of 2013 for the reasons discussed above. Basic and diluted earnings per share for the twelve months ended December 31, 2014 were $0.22 per share, an increase of $0.17 per share, compared to the same period of 2013.

As a result of the 2013 outcomes discussed above net income decreased in 2013 by $15.9 million, or 86.9%. Earnings per share in 2013 was $0.05 per basic share, representing a decrease of $0.36, or 87.8%, and $0.05 per diluted share, representing a decrease of $0.35, or 87.5%. The weighted-average number of basic and diluted shares increased in 2013 by 2.0% and 0.9%, respectively. The exercise of incentive stock options accounted for the increase in basic shares, while the awarding of new stock options contributed to an increase in diluted shares.

As a result of the 2012 outcomes discussed above net income was $18.4 million. Earnings per share in 2012 was $0.41 per basic share and $0.40 per diluted share. The weighted-average number of basic and diluted shares increased in 2012 by 4.8% and 2.9%, respectively. The exercise of incentive stock options accounted for the increase in basic shares, while the awarding of new stock options contributed to an increase in diluted shares.

Business Segment Analysis (in thousands)

We report results under ASC 280, Segment Reporting. Our reportable segments for the year ended December 31, 2014 are U.S. Regions, Federal, Canada and Small-Scale Infrastructure. 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

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measures to improve the efficiency and control the operation of a facility's energy infrastructure; renewable energy products and services, which include the construction of small-scale plants for customers that produce electricity, gas, heat or cooling from renewable sources of energy; and O&M services. Our Small-Scale Infrastructure segment sells electricity, processed LFG, heat or cooling, produced from renewable sources of energy and generated by small-scale plants that we own. 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

	Year Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
Revenues	$274,338	$314,339	$(40,001)	(12.7)%
Income before taxes	$25,846	$22,408	$3,438	15.3%

	Year Ended December 31,		Dollar	Percentage
	2013	2012	Change	Change
Revenues	$314,339	$382,118	$(67,779)	(17.7)%
Income before taxes	$22,408	$44,361	$(21,953)	(49.5)%

Revenues for the U.S. Regions segment decreased by $40.0 million, or (12.7)%, to $274.3 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due to a $52.7 million decrease in revenues from the construction of small-scale renewable energy plants for customers. In 2014, we made the decision to develop such projects for our own asset portfolio and therefore there were no significant comparable project revenues. This decrease was partially offset by a $12.7 million net increase across the U.S. Regions businesses due to the timing of revenue recognized as a result of the phase of active projects.

Revenues for the U.S. Regions segment decreased from 2012 to 2013 by $67.8 million, or 17.7%, to $314.3 million primarily due the lagged effect of delays in converting awarded projects to signed contracts, a trend continued from 2012.

Income before taxes for the U.S. Regions segment increased by $3.4 million, or 15.3%, to $25.8 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due to a favorable mix of higher margin projects and the recovery on a customer warranty issue described above, partially offset by the decrease in the segment's revenues.

Income before taxes for the U.S. Regions segment decreased from 2012 to 2013 by $22.0 million, or 49.5%, to $22.4 million. The decrease was primarily due to the decrease in revenues, a proportional increase in lower margin projects as a percentage of total revenues as well as fewer project closeout adjustments in 2013.

U.S. Federal

	Year Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
Revenues	$99,986	$70,452	$29,534	41.9%
Income before taxes	$10,489	$6,430	$4,059	63.1%

	Year Ended December 31,		Dollar	Percentage
	2013	2012	Change	Change
Revenues	$70,452	$73,469	$(3,017)	(4.1)%
Income before taxes	$6,430	$2,263	$4,167	184.1%

Revenues for the U.S. Federal segment increased by $29.5 million, or 41.9%, to $100.0 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due to several large new energy efficiency projects for which revenue began to be recognized during the second quarter of 2014.

Revenues for the U.S. Federal segment decreased from 2012 to 2013 by $3.0 million, or 4.1%, to $70.5 million primarily due to the Federal Government sequestration during 2013 resulting in a delay in the conversion of project backlog to revenues.

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Income before taxes for the U.S. Federal segment increased by $4.1 million, or 63.1%, to $10.5 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due to the increase in revenues described above.
Income before taxes for the U.S. Federal segment increased from 2012 to 2013 by $4.2 million, or 184.1%, to $6.4 million. The increase was primarily due to an improvement in profit margins due to project mix and a $1.3 million decrease in selling, general and administrative expenses as a result of improved utilization rates.
Canada

	Year Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
Revenues	$70,492	$68,797	$1,695	2.5 %
Loss before taxes	$(7,838)	$(3,043)	$(4,795)	157.6 %

	Year Ended December 31,		Dollar	Percentage
	2013	2012	Change	Change
Revenues	$68,797	$60,564	$8,233	13.6 %
Loss before taxes	$(3,043)	$(4,179)	$1,136	(27.2)%

Revenues for the Canada segment increased $1.7 million, or 2.5%, to $70.5 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due to the timing of revenue recognized as a result of the phase of active projects, including several new projects.
Revenues for the Canada segment increased from 2012 to 2013 by $8.2 million, or 13.6%, to $68.8 million, primarily due to an increase in new customer contracts and the full year impact of the 2012 FAME acquisition.
Loss before taxes for the Canada segment increased $4.8 million, or 157.6%, to $7.8 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due to an unfavorable mix of lower margin projects as well as $1.0 million in restructuring related charges during 2014.
Loss before taxes for the Canada segment decreased from 2012 to 2013 by $1.1 million, or 27.2%, to a loss of $3.0 million. The improvement is primarily due to an increase in gross profit and a decrease in selling, general and administrative expenses related to improved operating efficiencies.
Small-Scale Infrastructure

	Year Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
Revenues	$52,037	$40,388	$11,649	28.8 %
Income before taxes	$6,090	$4,365	$1,725	39.5 %

	Year Ended December 31,		Dollar	Percentage
	2013	2012	Change	Change
Revenues	$40,388	$37,979	$2,409	6.3 %
Income before taxes	$4,365	$2,031	$2,334	114.9 %

Revenues for the Small-Scale Infrastructure segment increased $11.6 million, or 28.8%, to $52.0 million for the twelve months ended December 31, 2014 primarily due to an increase in the number of owned plants fully operational compared to the same period of 2013.
Revenues for the Small-Scale Infrastructure segment increased from 2012 to 2013 by $2.4 million, or 6.3%, to $40.4 million primarily due to an increase in the number of owned plants fully operational during 2013, as well as a $0.8 million increase in revenue recognized from the sale of renewable energy certificates.
Income before taxes for the Small-Scale Infrastructure segment increased by $1.7 million, or 39.5%, to $6.1 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due to the increase in revenues described above.

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Income before taxes for the Small-Scale Infrastructure segment increased from 2012 to 2013 by $2.3 million, or 114.9%, to $4.4 million. The increase was primarily due to the increase in revenues described above, a decrease in maintenance expense and a $1.4 million gain on the ineffective portion of our interest rate swaps, partially offset by an increase in depreciation expense.

All Other & Unallocated Corporate Activity

	Year Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
Revenues	$96,388	$80,195	$16,193	20.2 %
Loss before taxes	$(208)	$(1,281)	$1,073	(83.8)%
Unallocated corporate activity	$(28,087)	$(26,120)	$(1,967)	7.5 %

	Year Ended December 31,		Dollar	Percentage
	2013	2012	Change	Change
Revenues	$80,195	$77,041	$3,154	4.1 %
(Loss) Income before taxes	$(1,281)	$1,322	$(2,603)	(196.9)%
Unallocated corporate activity	$(26,120)	$(21,191)	$(4,929)	23.3 %

Revenues not allocated to segments and presented as all other increased $16.2 million, or 20.2%, to $96.4 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due a $6.9 million increase in revenues from integrated-PV sales and enterprise energy management services, and $9.7 million in revenues as a result of our current year acquisitions.

Revenues not allocated to segments and presented as all other, increased from 2012 to 2013 by $3.2 million, or 4.1%, to $80.2 million primarily due to a $3.6 million increase in integrated-PV sales.

Loss before taxes not allocated to segments and presented as all other decreased by $1.1 million to a loss of $0.2 million for the twelve months ended December 31, 2014 compared to the same period of 2013 primarily due to the increase in revenues described above.

Income (loss) before taxes not allocated to segments and presented as all other, decreased from 2012 to 2013 by $2.6 million to a loss of $1.3 million primarily due to investments made in new products and service offerings that were not yet generating meaningful revenues, partially offset by the increase in revenues described above.

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.

Unallocated corporate activity increased by $2.0 million, or 7.5%, to $28.1 million primarily due to an increase in salary and benefit expenses, including severance charges realized during the first quarter of 2014, and acquisition related costs.

Unallocated corporate activity increased from 2012 to 2013 by $4.9 million, or 23.3%, to $26.1million primarily due to an increase in salary and benefit expenses related to an increase in headcount and increased professional fees.

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Liquidity and Capital Resources

Sources of liquidity. Since inception, we have funded operations primarily through existing net cash available, cash flow from operations and various forms of debt.

The changes in cash and cash equivalents for the years ended December 31, 2014, 2013 and 2012 were as follows:

	Year Ended December 31,		
	2014	2013	2012
Cash flows from operating activities	$254	$(60,609)	$42,209
Cash flows from investing activities	(38,600)	(29,937)	(48,953)
Cash flows from financing activities	42,776	43,190	43,486
Effect of exchange rate changes on cash	2,161	1,179	328
Net (decrease) increase in cash and cash equivalents	$6,591	$(46,177)	$37,070

We believe that cash and cash equivalents, and availability under our revolving senior secured credit facility, combined with our access to the credit markets, will be sufficient to fund our operations through 2015 and thereafter. Proceeds from our Federal ESPC projects are generally received through agreements to sell the ESPC receivables related to certain ESPC contracts to third-party investors. We use the advances from the investors under these agreements to finance the projects. Until recourse to us ceases for the ESPC receivables transferred to the investor, upon final acceptance of the work by the government customer, we are the primary obligor for financing received. The transfers of receivables under these agreements do not qualify for sales accounting until final customer acceptance of the work, so the advances from the investors are not classified as operating cash flows. Cash draws that we receive under these ESPC agreements are recorded as financing cash inflows. The use of the cash received under these arrangements to pay project costs is classified as operating cash flows. Due to the manner in which the ESPC contracts with the third-party investors are structured, our reported operating cash flows are materially impacted by the fact that operating cash flows only reflect the ESPC contract expenditure outflows and do not reflect any inflows from the corresponding contract revenues. Upon acceptance of the project by the Federal customer the ESPC receivable and corresponding ESPC liability are removed from our consolidated balance sheet as a non-cash settlement. See Note 2, "Summary of Significant Accounting Policies", to our Consolidated Financial Statements appearing in Item 8 of this Annual Report on Form 10-K.

As a result of the structure of the Federal ESPC project arrangements management uses adjusted cash from operations, as previously defined, as a measure of liquidity because it captures all sources of cash associated with our revenues generated by operations. Adjusted cash from operations for the twelve months ended December 31, 2014, 2013 and 2012 were $51.4 million, $(20.6) million and $72.4 million, respectively.

Our service offering also includes the development, construction and operation of small-scale renewable energy plants. Small-scale renewable energy projects, or project 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.

Capital expenditures. Our total capital expenditures were $24.7 million, $23.6 million, and $44.9 million for the twelve months ended December 31, 2014, 2013 and 2012, respectively. The 2014, 2013 and 2012 capital expenditures were net of Section 1603 rebates received of $3.7 million, $3.3 million, and $7.3 million, respectively. Section 1603 of the American Recovery and Reinvestment Tax Act of 2009 authorized the U.S. Department of the Treasury to make payments to eligible persons who place in service specified energy property. This property would have been eligible for production tax credits under the Code, but we elected to forgo such tax credits in exchange for the payment made under Section 1603. Additionally, we invested $13.9 million, $9.8 million and $4.0 million in acquisitions for the twelve months ended December 31, 2014, 2013 and 2012, respectively. We currently plan to invest approximately $75.0 million to 90.0 million in capital expenditures in 2015, principally for new renewable energy plants.

Cash flows from operating activities. Operating activities provided $0.3 million of net cash during 2014. In 2014, we had net income of $10.4 million, which is net of non-cash compensation, depreciation, amortization, deferred income taxes and other non-cash items totaling $23.6 million. Net increases in other assets and decreases in other liabilities used $9.3 million.

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These uses of cash were partially offset by decreases in restricted cash, accounts receivable including retainage, inventory, costs and estimated earnings in excess of billings and billings in excess of costs and estimated earnings, net, prepaid expenses and other current assets and project development costs and increases in accounts payable, accrued expenses, other current liabilities and and income taxes payable which provided $35.1 million. Federal ESPC receivables used $59.5 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 $60.6 million of net cash during 2013. In 2013, we had net income of $2.4 million, which is net of non-cash compensation, depreciation, amortization, gains on sales of assets, deferred income taxes and other non-cash items totaling $1.2 million. Net increases in restricted cash, costs and estimated earnings in excess of billings and billings in excess of costs and estimated earnings, net, inventory, project development costs and other assets and decreases in accounts payable, accrued expenses, other current liabilities used $42.6 million. However, decreases in accounts receivable including retainage, prepaid expenses and other current assets and increases in other liabilities and income taxes payable provided $19.4 million. Federal ESPC receivables used $41.0 million.

Operating activities provided $42.2 million of net cash during 2012. In 2012, we had net income of $18.4 million, which is net of non-cash compensation, depreciation, amortization, gains on sales of assets, deferred income taxes and other non-cash items totaling $19.5 million. Net decreases in accounts receivable including retainage, costs and estimated earnings in excess of billings and billings in excess of costs and estimated earnings, net and increases in accounts payable and accrued expenses, other liabilities and income taxes payable provided $49.2 million. However, increases in restricted cash, project development costs, inventory, prepaid expenses and other current assets and other assets used $16.2 million. Federal ESPC receivables used $28.7 million.

Cash flows from investing activities. Cash used for investing activities totaled $38.6 million during 2014 and consisted of capital investments of $26.7 million related to the development of renewable energy plants; $1.7 million related to purchases of other property and equipment; and $13.9 million for acquisitions. Offsetting these amounts was $3.7 million of Section 1603 and other rebates received during the period.

Cash used for investing activities totaled $29.9 million during 2013 and consisted of capital investments of $24.5 million related to the development of renewable energy plants; $2.3 million related to purchases of other property and equipment; and $9.8 million for the acquisition of Ennovate and ESP. Offsetting these amounts were the sale of assets of $3.5 million and $3.3 million of Section 1603 and other rebates received during the period.

Cash used for investing activities totaled $49.0 million during 2012 and consisted of capital investments of $47.2 million related to the development of renewable energy plants; $5.1 million related to purchases of other property and equipment; $4.0 million primarily for the acquisition of FAME. Offsetting these amounts were $7.3 million of Section 1603 rebates received during the period.

Cash flows from financing activities. Net cash provided by financing activities totaled $42.8 million during 2014 and included repayments of $18.4 million on long-term debt and payments of $0.4 million relating to financing fees. These uses of financing cash were offset by the release of $3.0 million from restricted cash accounts, proceeds from our senior secured credit facility of $5.0 million and exercises of options, which provided $1.4 million. Proceeds from Federal ESPC projects provided $51.2 million in cash.

Net cash provided by financing activities totaled $43.2 million during 2013 and included repayments of $14.7 million on other long-term debt and payments of $0.5 million relating to financing fees. These uses of financing cash were offset by the release of $1.6 million into restricted cash accounts, proceeds from long-term debt financing of $9.4 million and exercises of options, which provided $2.1 million. Proceeds from Federal ESPC projects provided $40.0 million in cash.

Net cash provided by financing activities totaled $43.5 million during 2012 and included repayments of $9.3 million on our senior secured credit facility, repayments of $5.6 million on other long-term debt, payments of $3.2 million relating to financing fees, payments of $2.7 million into restricted cash accounts, and the book overdraft of $7.3

million. These were offset by proceeds from long-term debt financing of $37.7 million and exercises of options which provided $3.5 million. Proceeds from Federal ESPC projects provided $30.2 million in cash.

Senior Secured Credit Facility — Revolver and Term Loan

We have a credit and security agreement with two banks. The credit facility consists of a $60.0 million, subject to the quarter end ratio covenant described below, revolving credit facility and an initial $40.0 million term loan. At December 31,

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2014, $34.0 million was available and $5.0 million was outstanding under the revolving credit facility; and $20.0 million was outstanding under the term loan. The term loan requires quarterly principal payments of $1.4 million, with the balance due at maturity. Ameresco, Inc. is the sole borrower under the credit facility. The credit facility is secured by a lien on all of our assets other than renewable energy projects that we own and for which financing from others remains outstanding, and limits our ability to enter into other financing arrangements. Availability under the revolving credit facility is based on two times our EBITDA for the preceding four quarters. We are required to maintain a minimum EBITDA of $27.0 million on a trailing four-quarter basis; a maximum ratio of total funded debt to EBITDA as of the end of each fiscal quarter of 2.0 to 1.0; and a minimum ratio of cash flow to debt service of 1.5 to 1.0 for the trailing four fiscal quarters. EBITDA for purposes of the facility excludes the results of renewable energy projects that we own and for which financing from others remains outstanding. The credit facility matures on June 30, 2016, when all amounts will be due and payable in full.

As of December 31, 2014, we were in compliance with all of the financial and operational covenants in the senior credit facility. In addition, we do not consider it likely that we will fail to comply with these covenants for the next twelve months.

Project Financing

Construction and Term Loans. We have entered into a number of construction and term loan agreements for the purpose of constructing and owning certain renewable energy plants. The physical assets and the operating agreements related to the renewable energy plants are owned by wholly owned, single member special purpose subsidiaries. These construction and term loans are structured as project financings made directly to a subsidiary, and upon acceptance of a project, the related construction loan converts into a term loan. While we are required under GAAP to reflect these loans as liabilities on our consolidated balance sheet, they are generally nonrecourse and not direct obligations of Ameresco, Inc. As of December 31, 2014, we had outstanding $77.3 million in aggregate principal amount under these loans with maturities at various dates from 2017 to 2028. Effective interest rates, after consideration for our interest rate swap contracts, ranged from 6.1% to 7.3%. One loan, with an outstanding balance as of December 31, 2014 of $3.7 million, does require Ameresco, Inc. to provide assurance to the lender of the project performance. A second loan, entered into during 2012, with an outstanding balance at December 31, 2014 of $41.0 million, requires Ameresco, Inc. to provide assurance to the lender of reimbursement upon any recapture of certain renewable energy government cash grants upon the occurrence of events that cause the recapture of such grants. As of December 31, 2013, we had outstanding $90.5 million in aggregate principal amount under these loans, bearing interest at rates ranging from 6.1% to 8.7% and maturing at various dates from 2015 to 2028. As of December 31, 2012, we had outstanding $88.6 million in aggregate principal amount under these loans, bearing interest at rates ranging from 6.1% to 8.7% and maturing at various dates from 2013 to 2028.

These construction and term loan agreements require us to comply with a variety of financial and operational covenants. As of December 31, 2014 we were in compliance with all of these financial and operational covenants. In addition, we do not consider it likely that we will fail to comply with these covenants during the term of these agreements.

Federal ESPC liabilities. We have arrangements with certain lenders to provide advances to us during the construction or installation of projects for certain customers, typically Federal Governmental entities, in exchange for our assignment to the lenders of our rights to the long-term receivables arising from the ESPCs related to such projects. These financings totaled $70.9 million and $44.3 million in principal amounts at December 31, 2014 and 2013, respectively. Under the terms of these financing arrangements, we are required to complete the construction or installation of the project in accordance with the contract with our customer, and the debt remains on our consolidated balance sheet until the completed project is accepted by the customer.

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Contractual Obligations

The following table summarizes our significant contractual obligations and commitments as of December 31, 2014 (in thousands):

	Payments due by Period				
	Total	Less than One Year	One to Three Years	Three to Five Years	More than Five Years
Senior Secured Credit Facility:					
Revolver	$5,000	$—	$5,000	$—	$—
Term Loan	20,000	5,714	14,286	—	—
Project Financing:					
Construction and term loans	77,292	6,541	12,775	12,569	45,407
Federal ESPC liabilities(1)	70,875	—	70,875	—	—
Interest obligations(2)	30,379	4,438	7,256	5,723	12,962
Operating leases	10,595	3,296	5,327	1,704	268
Total	$214,141	$19,989	$115,519	$19,996	$58,637

(1) Federal ESPC arrangements relate to the installation and construction of projects for certain customers, typically Federal Governmental entities, where we assign to third-party lenders our right to customer receivables. We are relieved of the liability when the project is completed and accepted by the customer. We typically expect to be relieved of the liability between one and three years from the date of project construction commencement. The table does not include, for our Federal ESPC liability arrangements, the difference between the aggregate amount of the long-term customer receivables sold by us to the lender and the amount received by us from the lender for such sale.

(2) For both the revolving and term loan portions of our senior secured credit facility, the table above assumes that the variable interest rate in effect at December 31, 2014 remains constant for the term of the facility.

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 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to changes in interest rates and foreign currency exchange rates because we finance certain operations through fixed and variable rate debt instruments and denominate our transactions in U.S. and Canadian dollars and British pounds sterling (“GBP”). Changes in these rates may have an impact on future cash flows and earnings. We manage these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

Interest Rate Risk

We had cash and cash equivalents totaling $23.8 million as of December 31, 2014 and $17.2 million as of December 31, 2013. Our exposure to interest rate risk primarily relates to the interest expense paid on our senior secured credit facility.

Derivative Instruments

We do not enter into financial instruments for trading or speculative purposes. However, through our subsidiaries we do enter into derivative instruments for purposes other than trading purposes. Certain of the term loans that we use to finance our renewable energy projects bear variable interest rates that are indexed to short-term market rates. We have entered into interest rate swaps in connection with these term loans in order to seek to hedge our exposure to adverse changes in the applicable short-term market rate. In some instances, the conditions of our renewable energy project term loans require us to enter into interest rate swap agreements in order to mitigate our exposure to adverse

movements in market interest rates. The interest rate

swaps that we have entered into qualify and have been designated as fair value hedges. See Note 2 of “Notes to Consolidated Financial Statements” included in Item 8 of this Annual Report on Form 10-K.

By using derivative instruments, we are subject to credit and market risk. The fair market value of the derivative instruments is determined by using valuation models whose inputs are derived using market observable inputs, including interest rate yield curves, and reflects the asset or liability position as of the end of each reporting period. When the fair value of a derivative contract is positive, the counterparty owes us, thus creating a receivable risk for us. We are exposed to counterparty credit risk in the event of non-performance by counterparties to our derivative agreements. We minimize counterparty credit (or repayment) risk by entering into transactions with major financial institutions of investment grade credit rating.

Our exposure to market interest rate risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow.

Foreign Currency Risk

We have revenues, expenses, assets and liabilities that are denominated in foreign currencies, principally the Canadian dollar and beginning in June 2013 in GBP. Also, a significant number of employees are located in Canada and the U.K., and our subsidiaries in those countries transact business in those respective currencies. As a result, we have designated the Canadian dollar as the functional currency for Canadian operations. Similarly, the GBP has been designated as the functional currency for our operations in the U.K. When we consolidate the operations of these foreign subsidiaries into our financial results, because we report our results in U.S. dollars, we are required to translate the financial results and position of our foreign subsidiaries from their respective functional currencies into U.S. dollars. We translate the revenues, expenses, gains, and losses from our Canadian and U.K. subsidiaries into U.S. dollars using a weighted average exchange rate for the applicable fiscal period. We translate the assets and liabilities of our Canadian and U.K. subsidiaries into U.S. dollars at the exchange rate in effect at the applicable balance sheet date. Translation adjustments are not included in determining net income for the period but are disclosed and accumulated in a separate component of consolidated equity until sale or until a complete or substantially complete liquidation of the net investment in our foreign subsidiary takes place. Changes in the values of these items from one period to the next which result from exchange rate fluctuations are recorded in our consolidated statements of changes in stockholders’ equity as accumulated other comprehensive income. For the year ended December 31, 2014, due to the strengthening of the U.S. dollar versus both the Canadian dollar and GBP, our foreign currency translation resulted in a loss of $3.5 million which we recorded as a decrease in accumulated other comprehensive income. For the year ended December 31, 2013, due to the strengthening of the U.S. dollar versus both the Canadian dollar and GBP, our foreign currency translation resulted in a loss of 1.0 million, which we recorded as a decrease in accumulated other comprehensive income.

As a consequence, gross profit, operating results, profitability and cash flows are impacted by relative changes in the value of the Canadian dollar and GBP. We have not repatriated earnings from our foreign subsidiaries, but have elected to invest in new business opportunities there. See Note 8 to our consolidated financial statements appearing in Item 8 of this Annual Report on Form 10-K. We do not hedge our exposure to foreign currency exchange risk.

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Item 8. Financial Statements and Supplementary Data
AMERESCO, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31, 2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$23,762	$17,171
Restricted cash	12,818	15,497
Accounts receivable, net	71,661	82,008
Accounts receivable retainage	15,968	18,195
Costs and estimated earnings in excess of billings	66,325	71,204
Inventory, net	8,896	10,257
Prepaid expenses and other current assets	8,666	14,177
Income tax receivable	3,525	3,971
Deferred income taxes	5,440	4,843
Project development costs	9,674	9,686
Total current assets	226,735	247,009
Federal ESPC receivable	79,167	44,297
Property and equipment, net	7,372	8,699
Project assets, net	217,772	210,744
Deferred financing fees, net	4,313	5,320
Goodwill	60,479	53,074
Intangible assets, net	11,238	10,253
Other assets	22,583	26,907
Total assets	$629,659	$606,303
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$12,255	$12,974
Accounts payable	87,787	79,509
Accrued expenses and other current liabilities	26,944	23,257
Billings in excess of cost and estimated earnings	18,291	16,933
Income taxes payable	812	615
Total current liabilities	146,089	133,288
Long-term debt, less current portion	90,037	103,222
Federal ESPC liabilities	70,875	44,297
Deferred income taxes	7,210	10,875
Deferred grant income	8,842	8,163
Other liabilities	20,300	29,652
Commitments and contingencies (Note 12)		

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

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

	December 31, 2014	2013
Stockholders' equity:		
Preferred stock, $0.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding at December 31, 2014 and 2013	$—	$—
Class A common stock, $0.0001 par value, 500,000,000 shares authorized, 28,351,792 shares issued and outstanding at December 31, 2014, 27,869,317 shares issued and outstanding at December 31, 2013	3	3
Class B common stock, $0.0001 par value, 144,000,000 shares authorized, 18,000,000 shares issued and outstanding at December 31, 2014 and 2013	2	2
Additional paid-in capital	107,445	102,587
Retained earnings	181,477	171,094
Accumulated other comprehensive (loss) income, net	(2,620)	3,112
Non-controlling interest	(1)	8
Total stockholders' equity	286,306	276,806
Total liabilities and stockholders' equity	$629,659	$606,303

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

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

	Year Ended December 31,		
	2014	2013	2012
Revenues	$593,241	$574,171	$631,171
Cost of revenues	476,309	470,846	503,024
Gross profit	116,932	103,325	128,147
Selling, general and administrative expenses	103,781	96,693	98,474
Goodwill impairment	—	—	1,016
Operating income	13,151	6,632	28,657
Other expenses, net (Note 14)	6,859	3,873	4,050
Income before (benefit) provision for income taxes	6,292	2,759	24,607
Income tax (benefit) provision	(4,091)	345	6,247
Net income	$10,383	$2,414	$18,360
Net income per share attributable to common shareholders:			
Basic	$0.22	$0.05	$0.41
Diluted	$0.22	$0.05	$0.40
Weighted average common shares outstanding:			
Basic	46,161,846	45,560,078	44,649,275
Diluted	46,718,140	46,419,199	45,995,463

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

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

	Year Ended December 31,		
	2014	2013	2012
Net income	$10,383	$2,414	$18,360
Other comprehensive (loss) income:			
Unrealized (loss) gain from interest rate hedges, net of tax effect of $917, $614 and $0, respectively	(2,217)	3,427	(667)
Foreign currency translation adjustment	(3,515)	(1,028)	722
Total other comprehensive income (loss)	(5,732)	2,399	55
Comprehensive income	$4,651	$4,813	$18,415

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

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AMERESCO, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Class A Common Stock		Class B Common Stock		Additional Paid-in	Retained	Treasury Stock		Accumulated Other Comprehensive	Non-controlling	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Earnings	Shares	Amount	Income (Loss)	Interest	Equity
Balance, December 31, 2011	30,713,837	$3	18,000,000	$2	$86,068	$158,810	4,833,284	$(9,183)	$658	$64	$236,422
Exercise of stock options, net	1,306,145	—	—	—	3,463	—	—	—	—	—	3,463
Stock-based compensation expense, including excess tax benefits of $260	—	—	—	—	3,611	—	—	—	—	—	3,611
Unrealized loss from interest rate hedge, net	—	—	—	—	—	—	—	—	(667)	—	(667)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	722	—	722
Non-controlling interest	—	—	—	—	—	—	—	—	—	(91)	(91)
Net income	—	—	—	—	—	18,360	—	—	—	—	18,360
Balance, December 31, 2012	32,019,982	3	18,000,000	2	93,142	177,170	4,833,284	(9,183)	713	(27)	261,820
Exercise of stock options, net	682,619	—	—	—	2,074	—	—	—	—	—	2,074
Stock-based compensation expense, including excess tax benefits of $5,264	—	—	—	—	8,064	—	—	—	—	—	8,064
	—	—	—	—	—	—	—	—	3,427	—	3,427

Unrealized gain from interest rate hedge, net											
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(1,028)	—	(1,028)
Non-controlling interest	—	—	—	—	—	—	—	—	—	35	35
Retirement of treasury shares	(4,833,284)	—	—	—	(693)	(8,490)	(4,833,284)	9,183	—	—	—
Net income	—	—	—	—	—	2,414	—	—	—	—	2,414
Balance, December 31, 2013	27,869,317	3	18,000,000	2	102,587	171,094	—	—	3,112	8	276,806
Exercise of stock options, net	482,475	—	—	—	1,447	—	—	—	—	—	1,447
Stock-based compensation expense, including excess tax benefits of $918	—	—	—	—	3,411	—	—	—	—	—	3,411
Unrealized loss from interest rate hedge, net	—	—	—		—	—	—	—	(2,217)	—	(2,217)
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(3,515)	—	(3,515)
Non-controlling interest	—	—	—	—	—	—	—	—	—	(9)	(9)
Net income	—	—	—	—	—	10,383	—	—	—	—	10,383
Balance, December 31, 2014	28,351,792	$3	18,000,000	$2	$107,445	$181,477	—	$—	$(2,620)	$(1)	$286,306

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

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

	Year Ended December 31,		
	2014	2013	2012
Cash flows from operating activities:			
Net income	$10,383	$2,414	$18,360
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation of project assets	15,047	12,595	11,229
Depreciation of property and equipment	3,044	3,078	2,829
Amortization of deferred financing fees	1,353	1,091	456
Amortization of intangible assets	4,738	4,802	5,282
Impairment of goodwill	—	—	1,016
Provision for bad debts	1,988	502	149
Gain on contingent liability	—	(1,075)	—
Gain on sale of assets	—	(632)	(800)
Unrealized (gain) loss on interest rate swaps	(1,418)	(1,459)	98
Stock-based compensation expense	2,493	2,799	3,351
Deferred income taxes	(2,749)	(15,261)	(3,850)
Excess tax benefits from stock-based compensation arrangements	(918)	(5,264)	(260)
Changes in operating assets and liabilities:			
Restricted cash	300	(1,526)	(11,089)
Accounts receivable	8,611	1,391	25,624
Accounts receivable retainage	3,289	5,246	3,055
Federal ESPC receivable	(59,457)	(40,998)	(28,651)
Inventory	1,308	(94)	(859)
Costs and estimated earnings in excess of billings	4,587	(8,740)	7,225
Prepaid expenses and other current assets	5,526	371	(447)
Project development costs	482	(652)	(3,010)
Other assets	(1,907)	(14,001)	(791)
Accounts payable, accrued expenses and other current liabilities	9,496	(13,281)	10,679
Billings in excess of cost and estimated earnings	811	(4,310)	(4,943)
Other liabilities	(7,414)	5,370	2,978
Income taxes payable	661	7,025	4,578
Cash flows from operating activities	254	(60,609)	42,209
Cash flows from investing activities:			
Purchases of property and equipment	(1,745)	(2,331)	(5,061)
Purchases of project assets	(26,679)	(24,541)	(47,191)
Grant awards and rebates received on project assets	3,727	3,262	7,311
Proceeds from sales of assets	—	3,511	—
Acquisitions, net of cash received	(13,903)	(9,838)	(4,012)
Cash flows from investing activities	$(38,600)	$(29,937)	$(48,953)

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

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

	Year Ended December 31,		
	2014	2013	2012
Cash flows from financing activities:			
Excess tax benefits from stock-based compensation arrangements	$918	$5,264	$260
Book overdraft	—	—	(7,297)
Payments of financing fees	(374)	(511)	(3,208)
Proceeds from exercises of options	1,447	2,073	3,463
(Payments of) proceeds from senior secured credit facility	5,000	—	(9,286)
Proceeds from long-term debt financing	—	9,434	37,713
Proceeds from Federal ESPC projects	51,165	40,010	30,203
Non-controlling interest	(9)	35	(91)
Restricted cash	3,021	1,554	(2,684)
Payments on long-term debt	(18,392)	(14,669)	(5,587)
Cash flows from financing activities	42,776	43,190	43,486
Effect of exchange rate changes on cash	2,161	1,179	328
Net increase (decrease) in cash and cash equivalents	6,591	(46,177)	37,070
Cash and cash equivalents, beginning of year	17,171	63,348	26,278
Cash and cash equivalents, end of year	$23,762	$17,171	$63,348
Supplemental disclosures of cash flow information:			
Cash paid for interest	$6,583	$7,185	$6,171
Cash paid for income taxes	$3,125	$3,831	$1,562
Non-cash Federal ESPC settlement	$24,587	$88,556	$47,008
Accrued purchases of project assets	$3,229	$2,080	$3,385

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

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AMERESCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share amounts)

1. DESCRIPTION OF BUSINESS

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Certain amounts have been reclassified in the prior year financial statements to conform to the current year presentation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Ameresco, Inc., its wholly owned subsidiaries and one subsidiary for which there is a minority shareholder. All significant intercompany accounts and transactions have been eliminated. Gains and losses from the translation of all foreign currency financial statements are recorded in the accumulated other comprehensive income account within stockholders’ equity. The Company prepares the financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

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

The Company is self-insured for employee health insurance. The maximum exposure in fiscal year 2014 under the plan was $75 per covered participant, after which reinsurance takes effect. The liability for unpaid claims and associated expenses, including incurred but not reported claims, is determined by management and reflected in the Company’s consolidated balance sheets in accrued expenses and other current liabilities. The liability is calculated based on historical data, which considers both the frequency and settlement amount of claims. The Company’s estimated accrual for this liability could be different than its ultimate obligation if variables such as the frequency or amount of future claims differ significantly from management’s assumptions.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on deposit, overnight repurchase agreements and amounts invested in highly liquid money market funds. Cash equivalents consist of short term investments with original maturities of three months or less. The Company maintains accounts with financial institutions and the balances in such accounts, at times, exceed federally insured limits. This credit risk is divided among a number of financial institutions that management believes to be of high quality. The carrying amount of cash and cash equivalents approximates their fair value measured using level 1 inputs per the fair value hierarchy as defined in Note 15.

Restricted Cash

Restricted cash consists of cash held in an escrow account in association with construction draws for ESPCs, construction of project assets, operations and maintenance reserve accounts and cash collateralized letters of credit as well as cash required under term loans to be maintained in debt service reserve accounts until all obligations have been indefeasibly paid in full. Restricted cash also includes funds held for clients, which represent assets that, based upon the Company's intent, are restricted for use solely for the purposes of satisfying the obligations to remit funds to third parties, primarily utility service providers,

relating to the Company's enterprise energy management services. As of December 31, 2014 and 2013, the Company classified the non-current portion of restricted cash of $10,636 and $11,295, respectively, in other assets on its consolidated balance sheets.

Accounts Receivable

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

Changes in the allowance for doubtful accounts are as follows:

	Year Ended December 31,		
	2014	2013	2012
Balance, beginning of period	$1,519	$1,174	$1,135
Charges to costs and expenses	1,988	502	149
Account write-offs and other	(656)	(157)	(110)
Balance, end of period	$2,851	$1,519	$1,174

Accounts Receivable Retainage

Accounts receivable retainage represents amounts due from customers, but where payments are withheld contractually until certain construction milestones are met. Amounts retained typically range from 5% to 10% of the total invoice. The Company classifies as a current asset those retainages that are expected to be billed in the next twelve months that follow.

Inventory

Inventories, which consist primarily of PV solar panels, batteries and related accessories, are stated at the lower of cost ("first-in, first-out" method) or market (determined on the basis of estimated net realizable values). Provisions have been made to reduce the carrying value of inventory to the net realizable value.

Prepaid Expenses

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

Federal ESPC Receivable

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

Project Development Costs

The Company capitalizes as project development costs only those costs incurred in connection with the development of energy projects, primarily direct labor, interest costs, outside contractor services, consulting fees, legal fees and travel, if incurred after a point in time where the realization of related revenue becomes probable. Project development costs incurred prior to the probable realization of revenues 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.

Property and Equipment

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

estimated useful lives:

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

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

Project Assets
Project assets consist of costs of materials, direct labor, interest costs, outside contract services and project development costs incurred in connection with the construction of small-scale renewable energy plants that the Company owns and the implementation of energy savings contracts. These amounts are capitalized and amortized over the lives of the related assets or the terms of the related contracts.
The Company capitalizes interest costs relating to construction financing during the period of construction. The interest capitalized is included in the total cost of the project at completion. The amount of interest capitalized for the years ended December 31, 2014, 2013 and 2012 was $518, $1,825 and $2,104, respectively.
Routine maintenance costs are expensed in the current year's consolidated statements of income to the extent that they do not extend the life of the asset. Major maintenance, upgrades and overhauls are required for certain components of the Company's assets. In these instances, the costs associated with these upgrades are capitalized and are depreciated over the shorter of the remaining life of the asset or the period until the next required major maintenance or overhaul. Gains or losses on disposal of property and equipment are reflected in selling, general and administrative expenses in the consolidated statements of income.
The Company evaluates its long-lived assets for impairment as events or changes in circumstances indicate the carrying value of these assets may not be fully recoverable. Examples of such triggering events applicable to the Company's assets include a significant decrease in the market price of a long-lived asset or 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.
The Company evaluates recoverability of long-lived assets to be held and used by estimating the undiscounted future cash flows before interest associated with the expected uses and eventual disposition of those assets. When these comparisons indicate that the carrying value of those assets is greater than the undiscounted cash flows, the Company recognizes an impairment loss for the amount that the carrying value exceeds the fair value.
From time to time, the Company applies for and receives cash grant awards from the U.S. Treasury Department (the "Treasury") under Section 1603 of the American Recovery and Reinvestment Act of 2009 (the "Act"). The Act authorized the Treasury to make payments to eligible persons who place in service qualifying renewable energy projects. The grants are paid in lieu of investment tax credits. All of the cash proceeds from the grants were used and recorded as a reduction in the cost basis of the applicable project assets. If the Company disposes of the property, or the property ceases to qualify as specified energy property, within five years from the date the property is placed in service, then a prorated portion of the Section 1603 payment must be repaid.
The Company received $3,727, $3,262 and $6,024 in Section 1603 grants during the years ended December 31, 2014, 2013 and 2012, respectively.
For tax purposes, the Section 1603 payments are not included in federal and certain state taxable income and the basis of the property is reduced by 50% of the payment received. Deferred grant income of $8,842 and $8,163 in the accompanying consolidated balance sheets at December 31, 2014 and 2013, respectively, represents the benefit of the basis difference to be amortized to income tax expense over the life of the related property.
The Company has received cash rebates from a utility company, which were accounted for as reductions in the book value of the related project assets. The rebates were one-time payments based on the cost and efficiency of the installed units, and are earned upon installation and inspection by the utility. The payments are not related to or subject to adjustment based on future operating performance. The rebates were payable from the utility to the

Company and are applied against the cost of construction, thereby reducing the book value of the corresponding project assets and have been treated as an investing activity

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

in the accompanying consolidated statements of cash flows. No rebates were received by the Company during the years ended December 31, 2014 or 2013. The Company received a rebate of $1,287 during the year ended December 31, 2012.

Deferred Financing Fees

Deferred financing fees relate to the external costs incurred to obtain financing for the Company. Deferred financing fees are amortized over the respective term of the financing using the effective interest method, with the exception of the Company's revolving credit facility, as discussed in Note 7, for which deferred financing fees are amortized on a straight line basis over the term of the agreement.

Goodwill and Intangible Assets

The Company has classified as goodwill the amounts paid in excess of fair value of the net assets (including tax attributes) of companies acquired in purchase transactions. The Company has recorded intangible assets related to customer contracts, customer relationships, non-compete agreements, trade names and technology, each with defined useful lives. The Company assesses the impairment of goodwill and intangible assets that have indefinite lives on an annual basis (December 31st) and whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. The Company would record an impairment charge if such an assessment were to indicate that the fair value of such assets was less than their carrying values. Judgment is required in determining whether an event has occurred that may impair the value of goodwill or identifiable intangible assets.

Factors that could indicate that an impairment may exist include significant under-performance relative to plan or long-term projections, significant changes in business strategy, significant negative industry or economic trends or a significant decline in the base price of the Company's publicly traded stock for a sustained period of time. Although the Company believes goodwill and intangible assets are appropriately stated in the accompanying consolidated financial statements, changes in strategy or market conditions could significantly impact these judgments and require an adjustment to the recorded balance. The Company recorded a goodwill impairment charge of $1,016 for the year ended December 31, 2012. See Note 4 for additional disclosure.

In August 2014, the Company acquired the energy consultancy and energy project management business of Energyexcel LLP ("EEX"), an independent energy services provider located in Central London, UK. The Company paid $9,054 to acquire substantially all of the assets of EEX. The purchase price is subject to post-closing adjustments for working capital and for certain indemnity obligations of the seller and its owners. The Company deposited approximately $834 of the initial cash payment with a third-party escrow agent as security for these matters.

During the second quarter of 2013, the Company entered into a stock purchase agreement to acquire, through a wholly owned subsidiary, 100% of the capital stock of The Energy Services Partnership Limited and ESP Response Limited (together, "ESP"). During the first quarter of 2013, the Company acquired substantially all of the assets of Ennovate Corporation ("Ennovate"). The net purchase price for each acquisition has been allocated to the net identified assets acquired based on the respective fair values of such acquired assets at the dates of each acquisition. The residual amounts were allocated to goodwill. The acquisition of ESP resulted in the Company recording goodwill totaling $2,632. The acquisition of Ennovate resulted in the Company recording goodwill totaling $1,050.

During the third quarter of 2012, the Company's wholly owned subsidiary Ameresco Canada Inc. entered into a stock purchase agreement to acquire 100% of the capital stock of FAME Facility Software Solutions, Inc. ("FAME"). During the third quarter of 2011, the Company entered into two separate stock purchase agreements to acquire 100% of the capital stock of each of Applied Energy Group ("AEG") and APS Energy Services, Inc. (now known as "Ameresco Southwest"). During the fourth quarter of 2011, the Company entered into an asset purchase agreement to acquire the xChangePoint® and energy projects businesses of Energy and Power Solutions, Inc., ("EPS") (now known as "Ameresco Intelligent Systems", or "AIS"). The net purchase price for each acquisition has been allocated to the net identified assets acquired based on the respective fair values of such acquired assets at the dates of each acquisition. The residual amounts were allocated to goodwill. The acquisition of FAME resulted in the Company recording goodwill totaling $1,887. The acquisition of AEG resulted in the Company recording goodwill totaling $8,728. For the acquisition of

Ameresco Southwest, the Company recorded goodwill of $16,545. And for the acquisition of AIS, the Company recorded goodwill of $1,549.

Acquired intangible assets other than goodwill that are subject to amortization include customer contracts and customer relationships, as well as software/technology, trade names and non-compete agreements. The intangible assets are amortized over periods ranging from one to fifteen years from their respective acquisition dates.

See Notes 3 and 4 for additional disclosures.

Other Assets

Other assets consist primarily of notes and contracts receivable due to the Company from various customers and non-current restricted cash. Other assets also include the fair value of interest rate swaps and the non-current portion of project development costs and accounts receivable retainages.

Asset Retirement Obligations

The Company recognizes a liability for the fair value of required asset retirement obligations ("AROs") when such obligations are incurred. The liability is estimated on a number of assumptions requiring management's judgment, including equipment removal costs, site restoration costs, salvage costs, cost inflation rates and discount rates and is credited to its projected future value over time. The capitalized asset is depreciated using the convention of depreciation of plant assets. Upon satisfaction of the ARO conditions, any difference between the recorded ARO liability and the actual retirement cost incurred is recognized as an operating gain or loss in the consolidated statements of income. As of December 31, 2014, 2013 and 2012, the Company had no ARO liabilities recorded.

Federal ESPC Liabilities

Federal ESPC liabilities represent the advances received from third-party investors under agreements to finance certain energy savings performance contract ("ESPC") projects with various Federal Government agencies. Upon completion and acceptance of the project by the Government, typically within 24 months of construction commencement, the ESPC receivable from the Government and corresponding ESPC liability is eliminated from the Company's consolidated balance sheet. Until recourse to the Company ceases for the ESPC receivables transferred to the investor, upon final acceptance of the work by the Government customer, the Company remains the primary obligor for financing received.

Other Liabilities

Other liabilities consist primarily of deferred revenue related to multi-year operation and maintenance contracts which expire as late as 2031. Other liabilities also include the fair value of derivatives. See Note 16 for additional disclosures.

Revenue Recognition

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

Revenue from the installation or construction of projects is recognized on a percentage-of-completion basis. The percentage-of-completion for each project is determined on an actual cost-to-estimated final cost basis. Maintenance revenue is recognized as related services are performed. In accordance with industry practice, the Company includes in current assets and liabilities the amounts of receivables related to construction projects realizable and payable over a period in excess of one year. The revenue associated with contract change orders is recognized only when the authorization for the change order has been properly executed and the work has been performed.

When the estimate on a contract indicates a loss, or claims against costs incurred reduce the likelihood of recoverability of such costs, the Company records the entire expected loss immediately, regardless of the percentage of completion.

For the years ended December 31, 2014 and 2013, billings in excess of cost and estimated earnings represents advanced billings on certain construction contracts. Costs and estimated earnings in excess of billings represent certain amounts under customer contracts that were earned and billable but not invoiced.

The Company sells certain products and services in bundled arrangements, where multiple products and/or services are involved. The Company divides bundled arrangements into separate deliverables and revenue is allocated to each

deliverable based on the relative selling price. The relative selling price is determined using third party evidence or management’s best estimate of selling price.

The Company recognizes revenues from the sale and delivery of products, including the output from renewable energy plants, when produced and delivered to the customer, in accordance with specific contract terms, provided that persuasive evidence of an arrangement exists, the Company's price to the customer is fixed or determinable and collectability is reasonably assured.

The Company recognizes revenue from operations and maintenance ("O&M") contracts, consulting services and enterprise energy management services as the related services are performed.

For a limited number of contracts under which the Company receives additional revenue based on a share of energy savings, such additional revenue is recognized as energy savings are generated.

Cost of Revenues

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

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

Income Taxes

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

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

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

The Company considers matters to be effectively settled once the taxing authority has completed all of its required or expected examination procedures, including all appeals and administrative reviews; the Company has no plans to appeal or litigate any aspect of the tax position; and the Company believes that it is highly unlikely that the taxing authority would examine or re-examine the related tax position. The Company also accrues for potential interest and penalties, related to unrecognized tax benefits in income tax expense. See Note 8 for additional information on the Company's income taxes.

Foreign Currency

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

Financial Instruments

Financial instruments consist of cash and cash equivalents, restricted cash, accounts and notes receivable, long-term contract receivables, accounts payable, accrued expenses, short- and long-term debt and interest rate swaps. The estimated fair value of cash and cash equivalents, restricted cash, accounts and notes receivable, long-term contract receivables, accounts

payable and accrued expenses approximates their carrying value. See below for fair value measurements of long-term debt. See Note 15 for fair value measurement of interest rate swaps.

Stock-Based Compensation Expense

Stock-based compensation expense results from the issuances of shares of restricted common stock and grants of stock options to employees, directors, outside consultants and others. The Company recognizes the costs associated with restricted stock and option grants using the fair value recognition provisions of ASC 718, Compensation - Stock Compensation on a straight-line basis over the vesting period of the awards.

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

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

The Company has no history of paying dividends. Additionally, as of each of the grant dates, there was no expectation that the Company would pay dividends over the expected life of the options. The expected life of the awards is estimated using historical data and management’s expectations. Because there was no public market for the Company’s common stock prior to the Company’s initial public offering, management lacked company-specific historical and implied volatility information. Therefore, estimates of expected stock volatility were based on that of publicly traded peer companies, and it is expected that the Company will continue to use this methodology until such time as there is adequate historical data regarding the volatility of the Company’s publicly traded stock price.

The Company is required to recognize compensation expense for only the portion of options that are expected to vest. Actual historical forfeiture rate of options is based on employee terminations and the number of shares forfeited. This data and other qualitative factors are considered by the Company in determining the forfeiture rate used in recognizing stock compensation expense. If the actual forfeiture rate varies from historical rates and estimates, additional adjustments to compensation expense may be required in future periods. If there are any modifications or cancellations of the underlying unvested securities or the terms of the stock option, it may be necessary to accelerate, increase or cancel any remaining unamortized stock-based compensation expense.

The Company also accounts for equity instruments issued to non-employee directors and consultants at fair value. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the date on which the counterparty’s performance is complete. No awards to individuals who were not either an employee or director of the Company occurred during the years ended December 31, 2014, 2013 and 2012.

Fair Value Measurements

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

The Company’s financial instruments include cash and cash equivalents, restricted cash, accounts and notes receivable, long-term contract receivables, interest rate swaps, accounts payable, accrued expenses and short- and long-term borrowings. Because of their short maturity, the carrying amounts of cash and cash equivalents, restricted cash, accounts and notes receivable, accounts payable, accrued expenses and short-term borrowings approximate fair value. The carrying value of long-term variable-rate debt approximates fair value. As of December 31, 2014, the fair value of

the Company's fixed-rate long-term debt exceeds its carrying value by approximately $70. This is based on quoted market prices or on rates available to the Company for debt with similar terms and maturities.

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

Derivative Financial Instruments

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

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

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

During 2007, the Company entered into two interest rate swap contracts under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional principal amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swaps cover initial notional amounts of $13,081 and $3,256, each a variable rate note at fixed interest rates of 5.4% and 5.3%, respectively, and expire in March 2024 and February 2021, respectively. These interest rate swaps qualified, but were not designated, as cash flow hedges until April 1, 2010. Since April 2010, they have been designated as hedges. Accordingly, the Company recognized the change in fair value of these derivatives in the consolidated statements of income prior to April 1, 2010, and the effective portion in the consolidated statements of comprehensive income (loss) thereafter.

In March 2010, the Company entered into a fourteen-year interest rate swap contract under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swap covers an initial notional amount of approximately $27,900 variable rate note at a fixed interest rate of 6.99% and expires in December 2024. As of December 31, 2012, this swap had not been designated as a hedge. For the years ended December 31, 2013 and 2012, the Company has recorded an unrealized (gain) loss in earnings of $(266) and $98, respectively, as other expenses, net in the consolidated statements of income. This swap was designated as a hedge in March 2013. During the second quarter of 2014 this swap was de-designated and re-designated as a hedge as a result of a partial pay down of the associated hedged debt principal. As a result $566 was reclassified from accumulated other comprehensive income and recorded as a reduction to other expenses, net in the Company's consolidated statements of income (loss) during the second quarter of 2014.

In July 2011, the Company entered into a five-year interest rate swap contract under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swap covers an initial notional amount of $38,571 variable rate note at a fixed interest rate of 1.965% and expires in June 2016. This interest rate swap has been designated as a hedge since inception.

In October 2012, the Company entered into two eight-year interest rate swap contracts under which the Company agreed to pay an amount equal to a specified fixed rate of interest times a notional amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swaps cover an initial notional amount of $16,750 variable rate note at a fixed interest rate of 1.71%. This notional amount increased to $42,247 on September 30, 2013 and expires in March 2020. These interest rate swaps have been designated as hedges since inception.

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In October 2012, the Company also entered into two eight-year forward starting interest rate swap contracts under which the Company agreed to pay an amount equal to specified fixed rate of interest times a notional amount, and to in turn receive an amount equal to a specified variable rate of interest times the same notional principal amount. The swaps cover an initial notional amount of $25,377 variable rate note at a fixed interest rate of 3.70%, with an effective date of March 31, 2020, and expires in June 2028. These interest rate swaps have been designated as hedges since inception.
See Notes 14, 15 and 16 for additional information on the Company's derivative instruments.
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.

	Year Ended December 31,		
	2014	2013	2012
Net income	$10,383	$2,414	$18,360
Basic weighted-average shares outstanding	46,161,846	45,560,078	44,649,275
Effect of dilutive securities:			
Stock options	556,294	859,121	1,346,188
Diluted weighted-average shares outstanding	46,718,140	46,419,199	45,995,463

For the years ended December 31, 2014, 2013 and 2012, 1,737,261, 1,856,591 and 681,688 shares of common stock, respectively, related to stock options were excluded from the calculation of dilutive shares since the inclusion of such shares would be anti-dilutive.
Recent Accounting Pronouncements
In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-11, Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force) ("ASU" 2013-11). The amendments in this ASU provide guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. An unrecognized tax benefit should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward with certain exceptions, in which case such an unrecognized tax benefit should be presented in the financial statements as a liability. The Company adopted ASU 2013-11 beginning January 1, 2014. This ASU did not have a material effect on the Company's consolidated financial statements.
In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The guidance in this ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The guidance in this ASU supersedes the revenue recognition requirements in ASC 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. This ASU also supersedes some cost guidance included in ASC 605-35, Revenue Recognition-Construction-Type and Production-Type Contracts. In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer are amended to be consistent with the guidance on recognition and measurement in this ASU. For a public entity, the amendments in this ASU are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Retrospective application of the amendments in this ASU is required. The new guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption (with some limited relief provided) or a modified retrospective

approach. Early application is not permitted under GAAP. The Company is currently assessing the impact of this ASU on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements — Going Concern (Subtopic 205-40) ("ASU 2014-15"). ASU 2014-15 requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles of current U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term "substantial doubt", (2) require an evaluation every reporting period, including interim periods,

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(3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is still present, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). ASU 2014-15 is effective for annual reporting periods ending after December 15, 2016 and interim periods thereafter. The Company does not believe that this pronouncement will have an impact on its consolidated financial statements.

3. BUSINESS ACQUISITIONS AND RELATED TRANSACTIONS

The Company accounts for acquisitions using the acquisition method in accordance with ASC 805, Business Combinations. The purchase price for each has been allocated to the assets based on their estimated fair values at the date of each acquisition as set forth in the table below. The excess purchase price over the estimated fair value of the net assets acquired has been recorded as goodwill. Intangible assets identified have been recorded and are being amortized over periods ranging from one to fourteen years. See Note 4 for additional information. The unaudited pro forma results of operations for the current and prior periods are not presented due to the insignificant impact of the 2013 acquisitions on the Company's consolidated results of operations.

In August 2014, the Company acquired the energy consultancy and energy project management business of EEX, an independent energy services provider located in Central London, UK. The Company paid $9,054 to acquire substantially all of the assets of EEX. The purchase price is subject to post-closing adjustments for working capital and for certain indemnity obligations of the seller and its owners. The Company deposited approximately $834 of the initial cash payment with a third-party escrow agent as security for these matters.

In June 2013, the Company acquired ESP (now known as Ameresco Limited), comprising two energy management consulting companies and located in Castleford, United Kingdom. The Company paid $8,765 to acquire all of the outstanding stock of the ESP companies. The purchase price was subject to post-closing adjustments for working capital and for certain indemnity obligations of the selling stockholders. The Company deposited approximately $778 of the initial cash payment with a third-party escrow agent as security for these matters.

In February 2013, the Company acquired substantially all of the assets of Ennovate, an energy service company active throughout Colorado, Nebraska, Kansas, Montana and Wyoming, serving customers that include schools, higher education facilities, municipalities and counties. The Company paid $1,766 to acquire these assets. The purchase price was subject to post-closing adjustments for working capital and for certain indemnity obligations of the seller. The Company deposited approximately $1,200 of the initial cash payment with a third-party escrow agent as security for these matters.

In July 2012, the Company's wholly owned subsidiary Ameresco Canada Inc. acquired FAME, a privately held company offering infrastructure asset management solutions serving both public and private sector customers primarily in western Canada. The Company made a cash payment of $4,487 to acquire all of the outstanding stock of FAME. The Company deposited approximately $900 of the purchase price with a third-party escrow agent as security for the selling stockholders' indemnification obligations under the terms of the acquisition agreement.

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

	2014	2013	2012
Cash	$—	$1,292	$810
Accounts receivable	1,432	772	321
Costs and estimated earnings in excess of billings	186	665	—
Prepaid expenses and other current assets	295	1,169	108
Property and equipment and project assets	123	138	43
Goodwill	7,590	3,682	1,887
Intangible assets(1)	7,208	5,099	2,100
Accounts payable	(1,719)	(413)	(6)
Accrued liabilities	(459)	(607)	(618)
Billings in excess of cost and estimated earnings	(752)	(108)	(158)
Deferred taxes and other liabilities	—	(1,158)	—
Purchase price	$13,904	$10,531	$4,487
Total, net of cash received	$13,904	$9,239	$3,677
Total fair value of consideration	$13,904	$10,531	$4,487

(1) Intangible assets acquired during 2014 consisted of customer contracts, customer relationships, non-compete agreements and technology and were assigned a weighted average useful life of 8.2 years.

The allocation of the purchase price for the 2014 acquisitions are preliminary, based on management's current best estimates and subject to revision.

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

4. 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	Small-Scale Infrastructure	Other	Total
Balance, December 31, 2012	$23,709	$3,375	$3,827	$ —	$18,058	$48,969
Goodwill acquired during the year	1,050	—		—	2,632	3,682
Currency effects	—	—	297	—	126	423
Balance, December 31, 2013	24,759	3,375	4,124	—	20,816	53,074
Goodwill acquired during the year	—	—	—	—	7,590	7,590
Fair value adjustments(1)	—	—	—	—	641	641
Currency effects	—	—	(343)	—	(483)	(826)
Balance, December 31, 2014	$24,759	$3,375	$3,781	$ —	$28,564	$60,479
Accumulated Goodwill Impairment Balance, December 31, 2013	$—	$—	$(1,016)	$ —	$—	$(1,016)
Accumulated Goodwill Impairment Balance, December 31, 2014	$—	$—	$(1,016)	$ —	$—	$(1,016)

(1) Fair value adjustment represents a final purchase accounting adjustment to decrease the recorded fair value of certain acquired intangible assets totaling $801, net of a $160 deferred tax liability adjustment, related to the

Company's prior year acquisition of ESP (now known as Ameresco Limited).

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The measurement periods for purchase price allocations end as soon as information on the facts and circumstances becomes available, but do not exceed 12 months. Adjustments in purchase price allocations may require a recasting of the amounts allocated to goodwill retroactively to the periods in which the acquisitions occurred.

In accordance with ASC 350, goodwill was tested for impairment as of December 31, 2014, 2013 and 2012 at the reporting unit level using a discounted cash flow method under the income approach and with a peer-based, risk-adjusted weighted average cost of capital. No instances of impairment were identified in the December 31, 2014 or 2013 assessments. Based on the Company's goodwill impairment assessment, all of the Company's reporting units with goodwill had estimated fair values as of December 31, 2014 that exceeded their carrying values by at least 15%. Upon completion of the annual step 1 assessment for the year ended December 31, 2012, Canada goodwill related to the Byrne acquisition (acquired in November 2009), was determined to be likely impaired. The impairment was the result of its fair value at the measurement date being less than its carrying amount. As the annual assessment indicated that Byrne's carrying value exceeded its estimated fair value, a second phase of the goodwill impairment test ("Step 2") was performed specific to Byrne. Under Step 2, the fair value of all Byrne's assets and liabilities were estimated, including tangible and intangible assets. The implied fair value of the goodwill being a residual was then compared to the recorded goodwill to determine the amount of impairment. As a result of this analysis a $1,016 goodwill impairment charge was recorded in the Company's consolidated statement of income for the year ended December 31, 2012.

Customer contracts are amortized ratably over the period of the acquired customer contracts ranging in periods from approximately one to five years. All other intangible assets are amortized over periods ranging from approximately four to fifteen years, as defined by the nature of the respective intangible asset.

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. No changes to useful lives were made during the years ended December 31, 2014, 2013 and 2012.

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

	As of December 31,	
	2014	2013
Gross Carrying Amount		
Customer contracts	$8,103	$7,684
Customer relationships	12,792	8,200
Non-compete agreements	3,402	3,230
Technology	2,794	2,386
Trade names	551	556
	27,642	22,056
Accumulated Amortization		
Customer contracts	6,911	5,349
Customer relationships	4,562	2,923
Non-compete agreements	2,725	1,872
Technology	1,767	1,299
Trade names	439	360
	16,404	11,803
Intangible assets, net	$11,238	$10,253

Amortization expense related to customer contracts is included in cost of revenues in the consolidated statements of income. Amortization expense related to customer relationships, non-compete agreements, technology and trade names is included in selling, general and administrative expenses in the consolidated statements of income.

Amortization expense for the years ended December 31, 2014, 2013 and 2012 is as follows:

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	Year Ended December 31,		
	2014	2013	2012
Customer contracts	$1,673	$1,550	$2,450
Customer relationships	1,688	1,643	1,265
Non-compete agreements	805	968	724
Technology	490	517	671
Trade names	82	124	172
Total intangible amortization expense	$4,738	$4,802	$5,282

Estimated amortization expense for existing intangible assets for the next five succeeding fiscal years is as follows:

	Estimated Amortization	
	Included in Cost of Revenues	Included in Selling, General and Administrative Expenses
2015	$935	$3,166
2016	222	2,403
2017	35	1,699
2018	—	1,155
2019	—	814

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	2014	2013
Furniture and office equipment	$5,055	$5,002
Computer equipment and software costs	17,237	15,970
Leasehold improvements	2,707	2,560
Automobiles	1,099	1,055
Land	520	520
Property and equipment, gross	26,618	25,107
Less - accumulated depreciation	(19,246)	(16,408)
Property and equipment, net	$7,372	$8,699

Depreciation expense on property and equipment for the years ended December 31, 2014, 2013 and 2012 was $3,044, $3,078 and $2,829, respectively, and is included in selling, general and administrative expenses in the accompanying consolidated statements of income.

6. PROJECT ASSETS

Project assets consist of the following:

	December 31,	
	2014	2013
Project assets	$292,879	$270,418
Less - accumulated depreciation and amortization	(75,107)	(59,674)
Project assets, net	$217,772	$210,744

For the twelve months ended December 31, 2014, 2013 and 2012, the Company received $3,727, $3,262 and $6,024, respectively, in grant awards from the Treasury under Section 1603 of the 2009 American Recovery and Reinvestment Act. The Act authorizes the Treasury to make payments to eligible persons who place in service qualifying renewable energy projects. The grants are paid in lieu of investment tax credits. All of the cash proceeds from the grants were

used and recorded as a reduction in the cost basis of the applicable project assets. If the Company disposes of the property, or the property ceases to

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qualify as a specified energy property, within five years from the date the property is placed in service, then a prorated portion of the Section 1603 payment must be repaid. For tax purposes, the Section 1603 payments are not included in Federal and certain state taxable income and the basis of the property is reduced by 50% of the payment received. Deferred grant income of $8,842 and $8,163 in the accompanying consolidated balance sheets at December 31, 2014 and 2013, respectively, represents the benefit of the basis difference to be amortized to income tax expense over the life of the related property.
The Company has received cash rebates from a utility company, which were accounted for as reductions in the book value of the related project assets. The rebates were one-time payments based on the cost and efficiency of the installed units, and are earned upon installation and inspection by the utility. The payments are not related to, or subject to adjustment based on, future operating performance. The rebates were payable from the utility to the Company and are applied against the cost of construction, thereby reducing the book value of the corresponding project assets and have been treated as an investing activity in the accompanying consolidated statements of cash flows. No rebates were received during the years ended December 31, 2014 and 2013. The Company received rebates of $1,287 during the year ended December 31, 2012.
Depreciation and amortization expense on the above project assets, net of deferred grant amortization, for the years ended December 31, 2014, 2013 and 2012 was $15,047, $12,595 and $11,229, respectively, and is included in cost of revenues in the accompanying consolidated statements of income.

7. LONG-TERM DEBT

Long-term debt comprised the following:

	December 31,	
	2014	2013
Senior secured credit facility, due June 2016, interest at varying rates monthly in arrears	$25,000	$25,714
8.673% term loan payable in quarterly installments through December 2015	—	1,667
6.345% term loan payable in semi-annual installments through February 2021	1,968	2,192
6.345% term loan payable in semi-annual installments through June 2024	10,468	11,059
Variable rate construction to term loan payable in quarterly installments through December 2024	13,638	18,558
6.500% term loan payable in monthly installments through October 2017	350	459
7.250% term loan payable in quarterly installments through March 2021	3,746	4,258
6.110% term loan payable in monthly installments through June 2028	6,081	7,028
Variable rate construction to term loan payable in quarterly installments through June 2028	41,041	45,261
	102,292	116,196
Less - current maturities	12,255	12,974
Long-term debt	$90,037	$103,222

Aggregate maturities of long-term debt for the years ended December 31, are as follows:

2015	$12,255
2016	25,548
2017	6,513
2018	5,961
2019	6,608
Thereafter	45,407
	$102,292

Senior Secured Credit Facility - Revolver and Term Loan

On June 30, 2011, the Company entered into an amended and restated credit and security agreement with two banks consisting of a $60,000 revolving credit facility and a $40,000 term loan. The revolving credit facility may be increased up to an additional $25,000 at the Company's option, if the lenders agree. At December 31, 2014 and 2013, $20,000 and $25,714, was outstanding under the term loan, respectively. At December 31, 2014, $5,000 was outstanding under the revolving credit

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facility. At December 31, 2013 no amounts were outstanding under the revolving credit facility. Payments on the term loan are due in quarterly installments of $1,429 together with accrued but unpaid interest. The facility matures on June 30, 2016, and all remaining unpaid amounts outstanding under the facility will be due at that time. The Company is the sole borrower under the facility and its obligations are guaranteed by certain of the Company's subsidiaries and are secured by a lien on all of the assets of the Company other than renewable energy projects that the Company owns and that are financed by others. The agreement contains certain financial and operational covenants.

On March 12, 2014, the Company amended the senior secured credit facility as follows: (i) to increase the margins added to Bank of America's prime rate or the one-, two- three- or six-month London interbank deposit rate, as applicable, in determining the interest rate by 25 basis points to 0.50% and 2.00%, respectively; (ii) to waive compliance with the minimum EBITDA covenant for the four consecutive fiscal quarters ended December 31, 2013; (iii) to reduce the required minimum EBITDA amount to $16,500 for the four consecutive fiscal quarters ended March 31, 2014, $22,000 for the four consecutive fiscal quarters ended June 30, 2014, $24,000 for the four consecutive fiscal quarters ended September 30, 2014, and $27,000 for the four consecutive fiscal quarters ended December 31, 2014 and thereafter; (iv) to increase the maximum ratio of total funded debt to EBITDA as of the end of each fiscal quarter to 2.5 to 1.0 for March 31, 2014 and 2.25 to 1.0 for June 30, 2014, returning to 2.0 to 1.0 for September 30, 2014 and thereafter; and (v) to reduce the minimum ratio of cash flow to debt service to 1.25 to 1.0 for the four fiscal quarters ended March 31, 2014, returning to 1.5 to 1.0 for the four fiscal quarters ended June 30, 2014 and thereafter.

For purposes of the Company's senior secured facility: EBITDA excludes the results of certain renewable energy projects that the Company owns and for which financing from others remains outstanding; total funded debt includes amounts outstanding under both the term loan and revolver portions of the senior secured credit facility plus other indebtedness, but excludes non-recourse indebtedness of project company subsidiaries; cash flow is based on EBITDA as used in the facility, less capital expenditures (other than by project company subsidiaries that are not guarantors under the facility), certain taxes, and dividends and other distributions; and debt service includes principal and interest payments on the indebtedness included in total funded debt other than principal payments on the revolver portion of the facility.

At December 31, 2014, the Company was in compliance with all financial and operational covenants.

8.673% Term Loan

The Company had a construction and term loan agreement with a finance company with a total commitment amount of $7,250. The notes evidencing the construction portion of the loan bore interest at a variable rate based on LIBOR. In February 2007, the Company converted the construction loan into a term loan in accordance with the loan agreement. The original balance of the term loan was equal to the commitment amount and bore interest at a fixed rate of 8.673% per annum. The principal payments were due in quarterly installments of $218, plus interest, with remaining principal balances and unpaid interest due December 31, 2015. The remaining principal balance and unpaid interest were paid during 2014 and as of December 31, 2014, no amounts were outstanding under the term loan. As of December 31, 2013, $1,667 was outstanding under the term loan.

6.345% Term Loans

On January 30, 2006, the Company entered into a master construction and term loan facility with a bank for use in providing limited recourse financing for certain of its landfill gas ("LFG") to energy projects. The total loan commitment is $17,156, and is comprised initially of two tranches, but structured for the addition of subsequent projects that meet lender credit requirements.

The first tranche had an original balance, upon conversion to term loan, of $3,240, and bore an interest rate of 6.345% per annum under the construction loan. The term loan bears interest at a variable rate, with interest payments due in quarterly installments. The remaining principal amounts are due in semi-annual installments ranging from $96 to $275, with the remaining principal and unpaid interest due February 26, 2021. The interest rate at December 31, 2014 was 1.983%.

The second tranche had an original balance, upon conversion to term loan, of $13,081 and bore an interest rate of 6.345% per annum under the construction loan. The term loan bears interest at a variable rate, with interest payments due in quarterly installments. The remaining principal amounts are due in semi-annual installments ranging from $248 to $1,179, with principal and unpaid interest due June 30, 2024. The interest rate at December 31, 2014 was 1.858%. As of December 31, 2014 and 2013, $12,436 and $13,251, respectively, was collectively outstanding under this facility.

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In the event a payment is defaulted on, the payee has the option to accelerate payment terms and make due the remaining principal and accrued interest balance.

Variable-Rate Construction and Term Loans

In February 2009, the Company entered into a construction and term loan financing agreement with a bank for use in providing limited recourse financing for certain of its LFG to energy projects. The total loan commitment under the agreement was $37,906, and bears interest at a variable rate. Prior to and during March 2010, the Company had construction draws totaling $27,868. During March 2010, the Company converted all of the construction loans to a single term loan balance of $27,868. The loan bears interest at a variable rate, with interest payments due in quarterly installments. The remaining principal amounts are due in quarterly installments ranging from $109 to $1,149, after an initial payment of $2,424 paid on March 31, 2010, with principal and unpaid interest due on December 31, 2024. The Company made an additional principal payment of $3,712 during the year ended December 31, 2014. As of December 31, 2014 and 2013, the outstanding balance under the term loan was $13,638 and $18,558, respectively. The interest rate at December 31, 2014 was 3.483%.

6.500% Term Loan

The Company has a term loan agreement with a finance company with a total loan amount of $755. The note evidencing the loan bears interest at a fixed rate of 6.500% per annum. Principal and interest payments are due in monthly installments of $11, with the final payment being due October 1, 2017.

As of December 31, 2014 and 2013, $350 and $459, respectively, was outstanding under the term loan. In the event a payment is defaulted on, the payee has the option to accelerate payment terms and make due the remaining principal and accrued interest balance.

7.250% Term Loan

On March 31, 2011, the Company entered into a term loan with a bank with an original principal amount of $5,500. The note evidencing the loan bears interest at a rate of 7.25% per annum. The remaining principal amounts are due in quarterly installments ranging from $133 to $171, plus interest, with remaining principal balances and unpaid interest due March 31, 2021. In the event a payment is defaulted on, the payee has the option to accelerate payment terms and make due the remaining principal and accrued interest balance. At December 31, 2014 and 2013, $3,746 and $4,258, respectively, was outstanding under the term loan.

6.110% Construction and Term Loan

On October 3, 2011, the Company entered into a construction and term loan with a syndication group with an original principal amount of $7,380. The note evidencing the loan bears interest at a rate of 6.11% per annum. Monthly interest only payments were due from November 1, 2011 to June 1, 2013. The remaining principal amounts were due starting on June 1, 2013 in monthly installments ranging from $0 to $81, plus interest, with remaining principal balances and unpaid interest due June 1, 2028. At December 31, 2014 and 2013, $6,081 and $7,028, respectively, was outstanding under the term loan.

Variable-Rate Construction and Term Loans -

In October 2012, the Company entered into a credit and guaranty agreement with two banks for use in providing limited recourse financing for certain of its LFG to energy and solar PV projects. The credit and guaranty agreement provides for a $47,200 construction-to-term loan credit facility and bears interest at a variable rate. The loans were fully converted to term loans during the year ended December 31, 2014. The term loan bears interest at a variable rate, with interest payments due in quarterly installments. The remaining principal amounts are due in quarterly installments ranging from $389 to $903. The facility matures on March 31, 2020, and all remaining unpaid amounts outstanding under the facility will be due at that time. At December 31, 2014, $41,041 was outstanding under term loans. At December 31, 2013, $45,261 was outstanding under construction loans. The interest rate at December 31, 2014 was 3.233%.

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8. INCOME TAXES
The components of income before income taxes are as follows:

	Year Ended December 31,		
	2014	2013	2012
Domestic	$14,505	$7,705	$29,400
Foreign	(8,213)	(4,946)	(4,793)
Income before provision for income taxes	$6,292	$2,759	$24,607

The components of the (benefit) provision for income taxes are as follows:

	Year Ended December 31,		
	2014	2013	2012
Current:			
Federal	$(2,659)	$10,114	$9,135
State	1,826	3,499	733
Foreign	(814)	371	178
	(1,647)	13,984	10,046
Deferred:			
Federal	(3,263)	(10,315)	(2,586)
State	574	(2,099)	85
Foreign	245	(1,225)	(1,298)
	(2,444)	(13,639)	(3,799)
	$(4,091)	$345	$6,247

The Company’s deferred tax assets and liabilities result primarily from temporary differences between financial reporting and tax recognition of depreciation, reserves, and certain accrued liabilities.

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Deferred tax assets and liabilities consist of the following:

	December 31, 2014	2013
Deferred tax assets:		
Compensation accruals	$2,774	$3,122
Reserves	3,638	3,110
Other accruals	2,893	2,344
Net operating losses	7,498	1,948
Interest rate swaps	1,715	1,073
Energy efficiency	19,116	9,524
Deferred revenue	1,769	1,624
Gross deferred income tax assets	39,403	22,745
Valuation allowance	(3,995)	(1,953)
Total deferred income tax assets	$35,408	$20,792
Deferred tax liabilities:		
Depreciation	$(31,326)	$(23,504)
Contract refinancing	(437)	(710)
Canada	(5,659)	(2,047)
United Kingdom	(396)	(765)
Acquisition accounting	(159)	(242)
Total deferred income tax liabilities	(37,977)	(27,268)
Deferred income tax liabilities, net	$(2,569)	$(6,476)

As of December 31, 2014, the Company included $2,357 of noncurrent deferred tax assets in other assets and $3,156 of current deferred tax liabilities in accrued expenses and other current liabilities in the accompanying consolidated balance sheets. As of December 31, 2013, the Company included $1,643 of noncurrent deferred tax assets in other assets and $2,087 of current deferred tax liabilities in accrued expenses and other current liabilities in the accompanying consolidated balance sheets.

The Company recorded a valuation allowance in the amount of $3,995 and $1,953 as of December 31, 2014 and 2013, respectively, related to the following items: 1) The Company recorded a valuation allowance on a deferred tax asset relating to interest rate swaps in the amount of $1,419 and $1,688 as of December 31, 2014 and 2013, respectively. The deferred tax asset represents a future capital loss which can only be recognized for income tax purposes to the extent of capital gain income. Although the Company anticipates sufficient future taxable income, it is more likely than not that it will not be of the appropriate character to allow for the recognition of the future capital loss. 2) As of December 31, 2014, the Company recorded a valuation allowance on a deferred tax asset relating to a foreign net operating loss in the amount of $2,337. It is more likely than not that the Company will not generate sufficient taxable income at the foreign subsidiary level to utilize the net operating loss. 3) The Company recorded a valuation allowance on a deferred tax asset relating to a state net operating loss of $239 and $265 at one of its subsidiaries as of December 31, 2014 and 2013, respectively. It is more likely than not that the Company will not generate sufficient taxable income at the subsidiary level to utilize the net operating loss.

The provision for income taxes is based on the various rates set by Federal and local authorities and is affected by permanent and temporary differences between financial accounting and tax reporting requirements.

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The following is a reconciliation of the effective tax rates:

	Year Ended December 31,		
	2014	2013	2012
Income before income tax	$6,292	$2,759	$24,607
Federal statutory tax expense	$2,202	$966	$8,612
State income taxes, net of Federal benefit	666	201	818
Net state impact of deferred rate change	264	(69)	—
Non deductible expenses	(213)	2,008	2,612
Stock-based compensation expense	415	373	337
Energy efficiency preferences	(9,517)	(3,280)	(7,033)
Foreign items and rate differential	719	349	557
Valuation allowance	1,408	(276)	
Miscellaneous	(35)	73	344
	$(4,091)	$345	$6,247
Effective tax rate:			
Federal statutory rate expense	35.0 %	35.0 %	35.0 %
State income taxes, net of Federal benefit	10.6 %	7.3 %	3.3 %
Net state impact of deferred rate change	4.2 %	(2.5)%	— %
Non deductible expenses	(3.4)%	72.8 %	10.6 %
Stock-based compensation expense	6.6 %	13.5 %	1.4 %
Energy efficiency preferences	(151.3)%	(118.9)%	(28.6)%
Foreign items and rate differential	11.4 %	12.6 %	2.3 %
Valuation allowance	22.4 %	(10.0)%	— %
Miscellaneous	(0.6)%	2.6 %	1.4 %
	(65.1)%	12.4 %	25.4 %

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

	Year Ended December 31,	
	2014	2013
Balance, beginning of year	$9,200	$4,900
Additions for prior year tax positions	1,700	4,300
Settlements paid to tax authorities	—	—
Reductions of prior year tax positions	(7,200)	—
Balance, end of year	$3,700	$9,200

At December 31, 2014 and 2013, the Company had approximately $3,700 and $9,200, respectively, of total gross unrecognized tax benefits. The current year increase in unrecognized tax benefits relates primarily to identification of non deductible expenses. The current year decrease in unrecognized tax benefits relates primarily to items resolved as part of the IRS audit and amounts related to years already audited. The Company believes that it is reasonably possible that a decrease of up to $3,100 in unrecognized tax benefits related to Federal and state exposures may be necessary within the next twelve months.

Of the total gross unrecognized tax benefits as of December 31, 2014 and 2013, $2,500 and $5,500, respectively, (both net of the Federal benefit on state amounts) represent the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods.

At December 31, 2014 the Company had state net operating loss carryforwards of approximately $8,000, which will expire from 2014 through 2031. The tax effected portion of the state net operating loss relating to excess stock option

deductions is approximately $6. Any tax benefit resulting from excess stock option deductions is recorded as an adjustment to additional paid

in capital when realized. At December 31, 2014 the Company had Canadian net operating loss carryforwards of approximately $25,600, which will expire from 2014 through 2024.

The Company does not accrue U.S. tax for foreign earnings that it considers to be permanently reinvested outside the United States. Consequently, the Company has not provided any U.S. tax on the unremitted earnings of its foreign subsidiaries. As of December 31, 2014, the amount of earnings for which no repatriation tax has been provided was estimated to be $10,300. It is not practicable to estimate the amount of additional tax that might be payable on those earnings if repatriated.

At December 31, 2014 the company had a Federal tax credit carryforward of approximately $15,200 which will expire at various times through 2034. The portion of the Federal tax credit relating to excess stock option deductions is approximately $4,200, the tax benefit of which will be recorded as an adjustment to additional paid in capital when realized.

The tax years 2007 through 2014 remain open to examination by major taxing jurisdictions. The Company accounts for interest and penalties related to uncertain tax positions as part of its provision for Federal and state income taxes. The (decrease) increase included in tax expense for the years end December 31, 2014, 2013 and 2012 were $(200), $(100) and $300, respectively.

9. STOCKHOLDERS’ EQUITY

The Company has authorized 500,000,000 shares of Class A common stock, par value $0.0001 per share, 144,000,000 shares of Class B common stock, par value $0.0001 per share, and 5,000,000 shares of Preferred Stock, par value $0.0001 per share. The rights of the holders of the Company’s Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Each share of the Company’s Class A common stock is entitled to one vote per share and is not convertible into any other shares of the Company’s capital stock. Each share of the Company’s Class B common stock is entitled to five votes per share, is convertible at any time into one share of Class A common stock at the option of the holder of such share and will automatically convert into one share of Class A common stock upon the occurrence of certain specified events, including a transfer of such shares (other than to such holder’s family members, descendants or certain affiliated persons or entities). The Company’s Board of Directors is authorized to fix the rights and terms for any series of preferred stock without additional shareholder approval.

During the fourth quarter of the year ended December 31, 2013 the Company retired 4,833,284 shares of Class A common stock previously recorded as treasury shares.

10. STOCK INCENTIVE PLAN

In 2000, the Company’s Board of Directors approved the Company’s 2000 Stock Incentive Plan (the “2000 Plan”) and between 2000 and 2010 authorized the Company to reserve a total of 28,500,000 shares of its then authorized common stock, par value $0.0001 per share (”Common Stock”) for issuance under the 2000 Plan. The 2000 Plan provided for the issuance of restricted stock grants, incentive stock options and nonqualified stock options. The Company will grant no further stock options or restricted awards under the 2000 Plan.

The Company’s 2010 Stock Incentive Plan (the “2010 Plan”), was adopted by the Company’s Board of Directors in May 2010 and approved by its stockholders in June 2010. The 2010 Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards and other stock-based awards. Upon its effectiveness, 10,000,000 shares of the Company’s Class A common stock were reserved for issuance under the 2010 Plan. As of December 31, 2014, the Company had granted options to purchase 1,707,504 shares of Class A common stock under the 2010 Plan.

Stock Option Grants

The Company has granted stock options to certain employees and directors, including its principal and controlling stockholder, under the 2000 Plan. The Company has also granted stock options to certain employees and directors under the 2010 Plan. At December 31, 2014, 8,488,457 shares were available for grant under the 2010 Plan.

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The following table summarizes the collective activity under the 2000 Plan and the 2010 Plan:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2011	5,424,612	$ 5.151		
Granted(1)	706,644	11.782		
Exercised	(1,306,145)	2.651		
Forfeited	(46,968)	2.749		
Outstanding at December 31, 2012	4,778,143	6.794		
Granted(1)	598,360	9.101		
Exercised	(682,619)	3.037		
Forfeited	(120,506)	11.691		
Outstanding at December 31, 2013	4,573,378	7.528		
Granted(1)	145,000	7.578		
Exercised	(482,475)	2.999		
Forfeited	(324,330)	12.226		
Expired	(18,000)	2.750		
Outstanding at December 31, 2014	3,893,573	$ 7.721	5.15	$4,702
Options exercisable at December 31, 2014	2,882,156	$ 6.832	4.14	$4,677
Expected to vest at December 31, 2014	1,011,417	$ 10.197	8.04	$25

(1) Grants are related to the 2010 Plan.
The aggregate intrinsic value of stock options exercised during the years ended December 31, 2014, 2013 and 2012 was $2,030, $4,224 and $12,830, respectively.

During the year ended December 31, 2014, a total of 482,475 shares were issued upon the exercise of options under the 2000 Plan at an average price of $2.999 per share. Cash received from option exercises under all stock-based payment arrangements, net, for the years ended December 31, 2014, 2013 and 2012 was $1,447, $2,073 and $3,463, respectively.
Under the 2000 Plan and the 2010 Plan, all options expire if not exercised within ten years after the grant date. Historically, options generally provided for vesting over five years, with 20% vesting on the first anniversary of the grant date and 5% vesting every three months thereafter. During 2011, the Company began awarding options generally providing for vesting over five years, with 20% vesting on each of the first five anniversaries of the grant date. From time to time, the Company awards options providing for vesting over three years, with one-third vesting on each of the first three anniversaries of the grant date. If the employee ceases to be employed by the Company for any reason before vested options have been exercised, the employee has 90 days to exercise options that have vested as of the date of such employee’s termination or they are forfeited.
The Company uses the Black-Scholes option pricing model to determine the weighted-average fair value of options granted. The Company will recognize the compensation cost of stock-based awards on a straight-line basis over the vesting period of the award.

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The determination of the fair value of stock-based payment awards utilizing the Black-Scholes model is affected by the stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The following table sets forth the significant assumptions used in the model during 2014, 2013 and 2012:

	Year Ended December 31,		
	2014	2013	2012
Expected dividend yield	—%	—%	—%
Risk-free interest rate	1.93%-2.01%	1.03%-2.18%	0.82%-1.25%
Expected volatility	50%-52%	34%-52%	32%
Expected life	6.5 years	6.0-6.5 years	6.5 years

The Company will continue to use judgment in evaluating the expected term, volatility and forfeiture rate related to the stock-based compensation on a prospective basis, and incorporating these factors into the Black-Scholes pricing model. Higher volatility and longer expected lives result in an increase to stock-based compensation expense determined at the date of grant. In addition, any changes in the estimated forfeiture rate can have a significant effect on reported stock-based compensation expense, as the cumulative effect of adjusting the rate for all expense amortization is recognized in the period that the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the accompanying consolidated financial statements. If a revised forfeiture rate is lower than the previously estimated rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the accompanying consolidated financial statements. These expenses will affect the cost of revenues, salaries and benefits and project development costs expenses.
The weighted-average fair value of stock options granted during the years ended December 31, 2014, 2013 and 2012, under the Black-Scholes option pricing model was $3.97, $3.66 and $4.03, respectively, per share. For the years ended December 31, 2014, 2013 and 2012, the Company recorded stock-based compensation expense of approximately $2,493, $2,799, and $3,351, respectively, in connection with stock-based payment awards. The compensation expense is allocated between cost of revenues and selling, general and administrative expenses in the accompanying consolidated statements of income based on the salaries and work assignments of the employees holding the options. As of December 31, 2014, there was approximately $3,700 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.

11. EMPLOYEE BENEFITS

The Company has salary reduction/profit sharing plans under the provisions of Section 401(k) of the Internal Revenue Code. The plans cover all employees who have completed the minimum service requirement, as defined by the plans. The plans require the Company to contribute 100% of the first six percent of base compensation that a participant contributes to the plans. Matching contributions made by the Company were $4,556, $4,524 and $3,605 for the years ended December 31, 2014, 2013 and 2012, respectively.

12. COMMITMENTS AND CONTINGENCIES

The Company leases certain administrative offices. The leases are long-term noncancelable real estate lease agreements, expiring at various dates through fiscal 2018. The agreements generally provide for fixed minimum rental payments and the payment of utilities, real estate taxes, insurance and repairs. Rent and related expenses for the years ended December 31, 2014, 2013 and 2012 was $5,667, $4,947 and $5,031 respectively.

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

	Operating Leases
Year ended December 31,	
2015	$3,939
2016	3,303
2017	2,874
2018	1,139
2019	714
Thereafter	251
Total minimum lease payments	$12,220

Legal Proceedings

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

Solar Tariff Contingency

In October 2012, the U.S. Department of Commerce (“Commerce”) announced its final determination in the anti-dumping (“AD”) and countervailing duty (“CVD”) investigations of imports of solar cells manufactured in the People’s Republic of China (“PRC”), including solar modules containing such cells. Commerce’s final determination confirmed its previously published AD duty of 249.96%, for manufacturers without a separate rate, and increased its CVD from 3.61% to 15.24%; both duties are applied to the value of imports of solar modules containing PRC cells. On November 7, 2012, the International Trade Commission announced its final determination upholding the duties. All shipments from May 25, 2012 until the Company suspended importing solar modules containing PRC cells in July 2012 (“covered shipments”) were subject to the CVD and were covered by a single continuous entry bond. Covered shipments also were subject to AD duty, for each of which the Company was required to post a single entry bond. In August, 2014, U.S. Customs lifted suspension of liquidation of covered shipments. As a result of liquidation, during the third and fourth quarters of 2014, the Company paid CVD on covered shipments at the 3.61% rate. During the fourth quarter of 2014 through the first quarter of 2015, the Company paid AD duties on covered shipments at a 31.18% rate. The Company is awaiting receipt of a final bill from U.S. Customs for liquidation of one remaining covered shipment containing PRC cells.

Commitments as a Result of Acquisitions

Related to the Company's acquisition of EEX in the second quarter of 2014 (see Note 3), the former owners of EEX, who are now employees of the Company, may be entitled to receive up to 4,500 British pounds sterling ($6,989 converted as of December 31, 2014) in additional consideration, accounted for as compensation for post-combination services, if the acquired business meets certain financial performance milestones through December 31, 2018.

The Company has established a reserve reflecting its current estimate of its ultimate exposure to these assessments.

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AMERESCO, INC.

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(in thousands, except share and per share amounts)

13. GEOGRAPHIC INFORMATION

The Company attributes revenues to customers based on the location of the customer. Information as to the Company's operations in different geographical areas is as follows:

	December 31,	
	2014	2013
Long-lived assets:		
United States	$207,858	$201,026
Canada	17,145	18,324
Other	141	93
Total long-lived assets	$225,144	$219,443

	Year Ended December 31,		
	2014	2013	2012
Revenues:			
United States	$509,200	$501,558	$563,746
Canada	70,069	68,797	60,590
Other	13,972	3,816	6,835
Total revenues	$593,241	$574,171	$631,171

14. OTHER EXPENSES, NET

The components of other expenses, net, are as follows:

	Year Ended December 31,		
	2014	2013	2012
Unrealized (gain) loss on interest rate swaps	$(1,418)	$(1,459)	$98
Interest expense, net of interest income	5,898	4,600	3,496
Amortization of deferred financing fees, net	1,248	732	456
Foreign currency transaction loss	1,131	—	—
Other expenses, net	$6,859	$3,873	$4,050

Estimated amortization expense for existing deferred financing fees for the next five succeeding fiscal years is as follows:

	Estimated Amortization
2015	$1,042
2016	871
2017	719
2018	654
2019	582

15. FAIR VALUE MEASUREMENT

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

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

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

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

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 December 31,	
	Level	2014	2013
Assets:			
Interest rate swap instruments	2	$—	$1,553
Liabilities:			
Interest rate swap instruments	2	$4,430	$4,268

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 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 December 31, 2014 and 2013, the fair value of the Company's long-term debt was estimated using discounted cash flows analysis, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements which are considered to be level two inputs. There have been no transfers in or out of level two for the years ended December 31, 2014 and 2013. Based on the analysis performed, the fair value and the carrying value of the Company's long-term debt are as follows:

	As of December 31, 2014		As of December 31, 2013	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-term debt value	$102,362	$102,292	$114,776	$116,195

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. The Company determined the fair value used in its annual goodwill impairment analysis with its own discounted cash flow analysis. The Company has determined the inputs used in such analysis as Level 3 inputs. The Company recorded an impairment charge on goodwill of $1,016 for the year ended December 31, 2012 (see Note 4). The Company did not record any impairment charges on goodwill or other intangible assets as no significant events requiring non-financial assets and liabilities to be measured at fair value occurred for the years ended December 31, 2014 or 2013.

16. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

At December 31, 2014 and 2013, the following table presents information about the fair value amounts of the Company's derivative instruments:

	Derivatives as of December 31,			
	2014		2013	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives Designated as Hedging Instruments:				
Interest rate swap contracts	Other assets	$—	Other assets	$1,553
Interest rate swap contracts	Other liabilities	$4,430	Other liabilities	$4,268

All of the Company's derivatives were designated as hedging instruments for the year ended December 31, 2014. All but one derivative were designated as hedging instruments prior to March 2013 and all were designated as hedging instruments for the remainder of the year ended December 31, 2013.

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

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AMERESCO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(in thousands, except share and per share amounts)

	Location of (Gain) Loss Recognized in Income (Loss)	Amount of (Gain) Loss Recognized in Income (Loss) for the Year Ended December 31,		
		2014	2013	2012
Derivatives Designated as Hedging Instruments:				
Interest rate swap contracts	Other expenses, net	$(1,418)	$(1,193)	$—
Derivatives Not Designated as Hedging Instruments:				
Interest rate swap contracts	Other expenses, net	$—	$(266)	$98

	Twelve Months Ended December 31, 2014	
	Loss Recognized in Accumulated Other Comprehensive (Loss) Income, Net	Interest Expense Reclassified from Accumulated Other Comprehensive (Loss) Income, Net into Other Expenses, Net
Derivatives Designated as Hedging Instruments:		
Interest rate swap contracts	$2,217	$1,222

17. BUSINESS SEGMENT INFORMATION

The Company reports results under ASC 280, Segment Reporting. The Company's reportable segments for the year ended December 31, 2014 are U.S. Regions, U.S. Federal, Canada and Small-Scale Infrastructure. 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 products and services which include the construction of small-scale plants for customers that produce electricity, gas, heat or cooling from renewable sources of energy and O&M services. The Company's Small-Scale Infrastructure segment sells electricity, processed LFG, heat or cooling, produced from renewable sources of energy, from small-scale plants that the Company owns. The "All Other" category offers enterprise energy management services, consulting services and the sale of solar PV energy products and systems ("integrated-PV"). These segments do not include results of other activities, such as corporate operating expenses not specifically allocated to the segments. For the years ended December 31, 2014, 2013 and 2012 unallocated corporate expenses were $28,087, $26,120 and $21,191, respectively. The accounting policies are the same as those described in the summary of significant accounting policies. See Note 2.

For the years ended December 31, 2014, 2013 and 2012 more than 80% of the Company's revenues have been derived from Federal, state, provincial or local government entities, including public housing authorities and public universities. The U.S. Federal Government, which is considered a single customer for reporting purposes, constituted 16.9%, 12.3% and 11.6% of the Company's consolidated revenues for the years ended December 31, 2014, 2013 and 2012, respectively. Revenues from the U.S. Federal Government are included in the Company's U.S. Federal segment. The reports of the Company's chief operating decision maker do not include assets at the operating segment level.

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

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

	U.S. Regions	U.S. Federal	Canada	Small-Scale Infrastructure	All Other	Total Consolidated
2014						
Revenues	$274,338	$99,986	$70,492	$ 52,037	$96,388	$ 593,241
Interest income	—	—	1	43	1	45
Interest expense	—	—	1,369	3,188	—	4,557
Depreciation and intangible asset amortization	1,308	1,178	1,288	12,858	4,275	20,907
Unallocated corporate activity	—	—	—	—	—	(28,087)
Income (loss) before taxes	25,846	10,489	(7,838)	6,090	(208)	34,379
2013						
Revenues	314,339	70,452	68,797	40,388	80,195	574,171
Interest income	—	—	46	65	2	113
Interest expense	—	—	1,367	2,045	—	3,412
Depreciation and intangible asset amortization	2,071	1,053	1,687	10,478	3,145	18,434
Unallocated corporate activity	—	—	—	—	—	(26,120)
Income (loss) before taxes	22,408	6,430	(3,043)	4,365	(1,281)	28,879
2012						
Revenues	382,118	73,469	60,564	37,979	77,041	631,171
Interest income	—	122	8	1	—	131
Interest expense	—	—	719	3,429	36	4,184
Depreciation and intangible asset amortization	3,909	991	1,133	9,033	2,722	17,788
Unallocated corporate activity	—	—	—	—	—	(21,191)
Income (loss) before taxes	44,361	2,263	(4,179)	2,031	1,322	45,798

Information as to the Company's revenues by service and product lines is as follows:

	Year Ended December 31,		
	2014	2013	2012
Revenues:			
Project(1)	$388,327	$388,142	$462,555
Operating Assets(2)	52,168	42,265	40,455
O&M(3)	57,177	55,644	51,247
Integrated-PV(4)	52,508	48,869	45,261
Other Services	43,061	39,251	31,653
Total Revenues	$593,241	$574,171	$631,171

(1) Project revenues consists of services related to the design, engineering and installation of, and the arranging of financing for, equipment and other measures to improve the efficiency and control the operation of a facility's energy infrastructure. Project revenues also include the construction for customers of small-scale plants that produce electricity, gas, heat or cooling from renewable sources of energy.
(2) Operating Assets revenues includes the sale of electricity, processed LFG, heat or cooling from plants that the Company owns.
(3) O&M revenues includes operations and maintenance services for customers as well as measurement and verification services related to our ESPCs.

(4) Integrated-PV revenues includes the sale of solar PV energy products and systems.

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

18. QUARTERLY INFORMATION (Unaudited)

The following tables set forth selected unaudited condensed consolidated statement of income data for each of the most recent eight quarters ended December 31, 2014. Operating results for any quarter are not necessarily indicative of results for any future period.

	Three Months Ended,			
	March 31	June 30	September 30	December 31
2014				
Revenues	$100,731	$142,558	$168,891	$181,061
Gross profit	$17,554	$27,936	$35,024	$36,418
Net (loss) income	$(8,281)	$2,719	$7,291	$8,654
Net (loss) income per share attributable to common shareholders:				
Basic	$(0.18)	$0.06	$0.16	$0.19
Diluted	$(0.18)	$0.06	$0.16	$0.18
Weighted average common shares outstanding:				
Basic	45,909,995	46,064,049	46,315,968	46,350,835
Diluted	45,909,995	46,573,691	46,987,522	47,006,314
2013				
Revenues	$110,136	$126,253	$161,648	$176,134
Gross profit	$21,519	$23,383	$30,063	$28,360
Net (loss) income	$(1,924)	$(1,781)	$4,545	$1,574
Net (loss) income per share attributable to common shareholders:				
Basic	$(0.04)	$(0.04)	$0.10	$0.03
Diluted	$(0.04)	$(0.04)	$0.10	$0.03
Weighted average common shares outstanding:				
Basic	45,327,237	45,465,529	45,621,552	45,819,906
Diluted	45,327,237	45,465,529	46,605,360	46,649,171

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Ameresco, Inc.

We have audited the accompanying consolidated balance sheets of Ameresco, Inc. and Subsidiaries (the “Company”) as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. We also have audited the Company’s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management’s Annual Report on Internal Control over Financial Reporting, management has excluded Energyexcel LLP from its assessment of internal control over financial reporting as of December 31, 2014, because it was acquired by the Company in a purchase business combination in the third quarter of 2014. We have also excluded Energyexcel LLP from our audit of internal control over financial reporting. Energyexcel LLP is a wholly owned subsidiary whose total assets and revenue represent approximately 2% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2014.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ameresco, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Ameresco, Inc.

and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

/s/ McGladrey LLP
Boston, Massachusetts
March 6, 2015

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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 annual 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 the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management, with the participation of our principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over our financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013). Management excluded Energyexcel from its assessment of internal control over financial reporting as of December 31, 2014, because Energyexcel was acquired by us in a purchase business combination during the third quarter of the year ended December 31, 2014. Energyexcel's total assets and total revenues represented approximately 2% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2014.

Based on this assessment and those criteria, our management concluded that, as of December 31, 2014, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by McGladrey LLP, an independent registered public accounting firm, as stated in their report, which appears under Item 8.

Remediation of Prior Period Material Weakness

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on March 17, 2014, we identified a material weakness in our internal control over financial reporting. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or

detected on a timely basis by our internal controls. During the first three quarters of 2014, we engaged in the implementation of remedial measures designed to address this material weakness. In the fourth quarter of 2014, we completed the testing of the design and operating effectiveness of the new procedures and controls. As a result, our management concluded that, as of December 31, 2014, we had remediated the previously reported material weakness.

We implemented the following changes in our internal control over financial reporting during 2014 that contributed to remediating the previously disclosed material weakness described above:

- we continued to act upon the enhancements to our internal controls that we implemented in 2013 as described in our Annual Report on Form 10-K for the year ended December 31, 2013;
- we continued improving the quality and timing of our accounting close process and financial reporting to allow for an increase in time for review; and
- we separated the corporate controller and chief accounting officer functions and hired a corporate controller to further enhance the timeliness of the review over our accounting close process and financial reporting.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, other than those stated above, during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information concerning our executive officers is set forth under the heading “Executive Officers” at the end of Item 1 in Part I of this report.

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. A copy of the code of business conduct and ethics is posted on the Investor Relations section of our website, which is located at www.ameresco.com. In addition, we intend to post on our website all disclosures that are required by law or applicable NYSE listing standards concerning any amendments to, or waivers from, any provision of the code. We include our website address in this report only as an inactive textual reference and do not intend it to be an active link to our website. None of the material on our website is part of this Annual Report on Form 10-K.

The response to the remainder of this item is incorporated by reference from the discussion responsive thereto in the sections titled “Corporate Governance” and “Stock Ownership - Section 16(a) Beneficial Ownership Reporting Compliance” contained in the definitive proxy statement for our 2015 annual meeting of stockholders.

Item 11. Executive Compensation

The response to this item is incorporated by reference from the discussion responsive thereto in the sections titled “Executive Compensation and Related Information” and “Corporate Governance” contained in the definitive proxy statement for our 2015 annual meeting of stockholders.

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Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table provides information about the securities authorized for issuance under our equity compensation plans as of December 31, 2014:

Equity Compensation Plan Information

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1)(2)	3,893,573	$7.721	8,488,457
Equity compensation plans not approved by security holders	—	—	—
Total	3,893,573	$7.721	8,488,457

(1) Consists of our 2000 stock incentive plan and our 2010 stock incentive plan.

(2) All securities remaining available for future issuance are under our 2010 stock incentive plan. In addition to being available for future issuance upon exercise of options that may be granted after December 31, 2014, shares under our 2010 stock incentive plan may instead be issued in the form of stock appreciation rights, restricted stock, restricted stock units and other stock-based awards.

The response to the remainder of this item is incorporated by reference from the discussion responsive thereto in the section titled “Stock Ownership” contained in the definitive proxy statement for our 2015 annual meeting of stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The response to this item is incorporated by reference from the discussion responsive thereto in the sections titled “Certain Relationships and Related Person Transactions” and “Corporate Governance” contained in the definitive proxy statement for our 2015 annual meeting of stockholders.

Item 14. Principal Accountant Fees and Services

The response to this item is incorporated by reference from the discussion responsive thereto in the section titled “Proposal 2 - Ratification of the Selection of our Independent Registered Public Accounting Firm” contained in the definitive proxy statement for our 2015 annual meeting of stockholders.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Consolidated Financial Statements.

The following consolidated financial statements of Ameresco, Inc. are filed in Item 8 of this Annual Report on Form 10-K:

Consolidated Balance Sheets as of December 31, 2014 and December 31, 2013	46
Consolidated Statements of Income for the years ended December 31, 2014, December 31, 2013 and December 31, 2012	48
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2014, December 31, 2013 and December 31, 2012	49
Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2014, December 31, 2013 and December 31, 2012	50
Consolidated Statements of Cash Flows for the years ended December 31, 2014, December 31, 2013 and December 31, 2012	51
Notes to Consolidated Financial Statements	53
Report of Independent Registered Public Accounting Firm	81

(2) Financial Statement Schedules.

Schedules are omitted because they are not applicable, or are not required, or because the information is included in the consolidated financial statements and notes thereto.

(3) Exhibits.

The exhibits filed or furnished with this report or that are incorporated herein by reference are set forth in the Exhibit Index immediately preceding such exhibits, which Exhibit Index is incorporated herein by reference.

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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: March 6, 2015	By: /s/ George P. Sakellaris George P. Sakellaris President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ George P. Sakellaris George P. Sakellaris	Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)	March 6, 2015
/s/ Andrew B. Spence Andrew B. Spence	Vice President and Chief Financial Officer (Principal Financial Officer)	March 6, 2015
/s/ John R. Granara John R. Granara	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 6, 2015
/s/ David J. Anderson David J. Anderson	Director	March 6, 2015
/s/ David J. Corrsin David J. Corrsin	Director	March 6, 2015
/s/ Douglas I. Foy Douglas I. Foy	Director	March 6, 2015
/s/ Michael E. Jesanis Michael E. Jesanis	Director	March 6, 2015
/s/ Jennifer L. Miller Jennifer L. Miller	Director	March 6, 2015
/s/ Joseph W. Sutton Joseph W. Sutton	Director	March 6, 2015
/s/ Frank V. Wisneski Frank V. Wisneski	Director	March 6, 2015

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Exhibit Index

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Ameresco, Inc. Filed as Exhibit 3.1 to our Current Report on Form 8-K dated July 27, 2010 and filed with the Commission on July 30, 2010 (file no. 011-34811) and incorporated herein by reference.
3.2	Amended and Restated By-Laws of Ameresco, Inc. (as further amended May 22, 2014). Filed as Exhibit 3.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2014 and filed with the Commission on July 31, 2014 (file no. 011-34811) and incorporated herein by reference. Filed as Exhibit 3.1 to our Registration Statement on Form S-1 (pre-effective amendment no. 4; reg. no. 333-165821) and incorporated herein by reference.
4.1	Specimen Certificate evidencing shares of Class A common stock. Filed as Exhibit 4.1 to our Registration Statement on Form S-1 (pre-effective amendment no. 4; reg. no. 333-165821) and incorporated herein by reference.
10.1.1	Lease dated November 20, 2000 between Ameresco, Inc. and BCIA New England Holdings, LLC. Filed as Exhibit 10.1 to our Registration Statement on Form S-1 (reg. no. 333-165821) and incorporated herein by reference.
10.1.2	First Amendment to Lease dated November 2001 by and between Ameresco, Inc. and BCIA New England Holdings, LLC. Filed as Exhibit 10.2 to our Registration Statement on Form S-1 (reg. no. 333-165821) and incorporated herein by reference.
10.1.3	Second Amendment to Lease and Extension Agreement dated April 8, 2005 by and between Ameresco, Inc. and BCIA New England Holdings, LLC. Filed as Exhibit 10.3 to our Registration Statement on Form S-1 (reg. no. 333-165821) and incorporated herein by reference.
10.1.4	Third Amendment to Lease dated April 17, 2007 by and between RREEF America REIT III-Z1 LLC and Ameresco, Inc. Filed as Exhibit 10.4 to our Registration Statement on Form S-1 (reg. no. 333-165821) and incorporated herein by reference.
10.1.5	Fourth Amendment to Lease dated January 1, 2010 by and between RREEF America REIT III-Z1 LLC and Ameresco, Inc. Filed as Exhibit 10.17 to our Registration Statement on Form S-1 (pre-effective amendment no. 3; reg. no. 333-165821) and incorporated herein by reference.
10.1.6	Fifth Amendment to Lease dated August 31, 2011 by and between RREEF America REIT III-Z1 LLC and Ameresco, Inc. Filed as Exhibit 10.1.6 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and filed with the Commission on March 15, 2012 (file no. 011-34811) and incorporated herein by reference.
10.1.7	Sixth Amendment to Lease dated June 18, 2103 by and between 111 MPA LLC and Ameresco, Inc. Filed as Exhibit 10.3 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 and filed with the Commission on August 9, 2013 (file no. 011-34811) and incorporated herein by reference.
10.2.1	Second Amended and Restated Credit and Security Agreement dated June 30, 2011 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 dated June 30, 2011 and filed with the Commission on July 7, 2011 (file no. 011-34811) and incorporated herein by reference.
10.2.2	Amendment No. 1 to Second Amended and Restated Credit and Security Agreement dated November 4, 2011 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 10.2.2 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and filed with the Commission on March 15, 2012 (file no. 011-34811) and incorporated herein by reference.

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Exhibit Number	Description
10.2.3	Amendment No. 2 to Second Amended and Restated Credit and Security Agreement dated January 30, 2013 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 10.2.3 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and filed with the Commission on March 18, 2013 (file no. 011-34811) and incorporated herein by reference.
10.2.4	Amendment No. 3 to Second Amended and Restated Credit and Security Agreement dated April 22, 2013 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 Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 and filed with the Commission on August 9, 2013 (file no. 011-34811) and incorporated herein by reference.
10.2.5	Amendment No. 4 to Second Amended and Restated Credit and Security Agreement dated June 24, 2013 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 10.2 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2013 and filed with the Commission on August 9, 2013 (file no. 011-34811) and incorporated herein by reference.
10.2.6	Amendment No. 5 to Second Amended and Restated Credit and Security Agreement dated August 28, 2013 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 Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2013 and filed with the Commission on November 8, 2013 (file no. 011-34811) and incorporated herein by reference.
10.2.7	Amendment No. 6 to Second Amended and Restated Credit and Security Agreement dated November 6, 2013 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 10.2.7 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and filed with the Commission on March 17, 2014 (file no. 011-34811) and incorporated herein by reference.
10.2.8	Amendment No. 7 to Second Amended and Restated Credit and Security Agreement dated March 12, 2014 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 Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014 and filed with the Commission on May 9, 2014 (file no. 011-34811) and incorporated herein by reference.
10.2.9	Amendment No. 8 to Second Amended and Restated Credit and Security Agreement dated July 8, 2014 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 Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014 and filed with the Commission on November 6, 2014 (file no. 011-34811) and incorporated herein by reference.
10.3.1+	Ameresco, Inc. 2000 Stock Incentive Plan. Filed as Exhibit 10.6 to our Registration Statement on Form S-1 (reg. no. 333-165821) and incorporated herein by reference.
10.3.2+	

	Form of Incentive Stock Option Agreement granted under Ameresco, Inc. 2000 Stock Incentive Plan. Filed as Exhibit 10.7 to our Registration Statement on Form S-1 (reg. no. 333-165821) and incorporated herein by reference.
10.3.3+	Form of Non-Qualified Stock Option Agreement granted under Ameresco, Inc. 2000 Stock Incentive Plan. Filed as Exhibit 10.8 to our Registration Statement on Form S-1 (reg. no. 333-165821) and incorporated herein by reference.

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Exhibit Number	Description
10.4.1+	Ameresco, Inc. 2010 Stock Incentive Plan. Filed as Exhibit 10.10 to our Registration Statement on Form S-1 (pre-effective amendment no. 4; reg. no. 333-165821) and incorporated herein by reference.
10.4.2+	Form of Incentive Stock Option Agreement granted under Ameresco, Inc. 2010 Stock Incentive Plan. Filed as Exhibit 10.11 to our Registration Statement on Form S-1 (pre-effective amendment no. 4; reg. no. 333-165821) and incorporated herein by reference.
10.4.3+	Form of Director Stock Option Agreement granted under Ameresco, Inc. 2010 Stock Incentive Plan. Filed as Exhibit 10.12 to our Registration Statement on Form S-1 (pre-effective amendment no. 4; reg. no. 333-165821) and incorporated herein by reference.
10.6.1+	Form of Indemnification Agreement entered into between Ameresco, Inc. and each non-employee director. Filed as Exhibit 10.6.1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and filed with the Commission on March 31, 2011 (file no. 011-34811) and incorporated herein by reference.
10.6.2+	Form of Indemnification Agreement entered into between Ameresco, Inc. and each employee director. Filed as Exhibit 10.6.2 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and filed with the Commission on March 31, 2011 (file no. 011-34811) and incorporated herein by reference.
21.1*	Subsidiaries of Ameresco, Inc.
23.1*	Consent of McGladrey LLP.
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 Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statement of Changes in Stockholders' Equity, (v) 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.

++ Confidential treatment requested as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission.