

LIME ENERGY CO.
Form 10-Q
May 18, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2015

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

For the transition period from _____ to _____

Commission file number 001-16265

LIME ENERGY CO.

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of incorporation or organization)

36-4197337

(I.R.S. Employer Identification No.)

16810 Kenton Drive, Suite 240, Huntersville, NC 28078
(Address of principal executive offices, including zip code)

(704) 892-4442
(Registrant's telephone number, including area code)

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

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

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

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

Large Accelerated Filer

Non-Accelerated Filer

Accelerated Filer

Smaller reporting company

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

9,545,420 shares of the registrant's common stock, \$.0001 par value per share, were outstanding as of May 18, 2015.

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LIME ENERGY CO.

FORM 10-Q

For The Quarter Ended March 31, 2015

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Cautionary Note Regarding Forward-Looking Statements

Our disclosure and analysis in this report, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking information within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, adopted pursuant to the Private Securities Litigation Reform Act of 1995. Statements that are not purely historical may be forward-looking. You can identify these forward-looking statements by the use of words such as anticipate, believe, estimate, expect, hope, intend, may, project, plan, goal, target, should, and similar expressions, including when used in the

Forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements, including but not limited to those described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission under Part II, Item 1A Risk Factors and the following:

- Our business model has changed in significant ways several times since our inception in response to a constantly changing and evolving market, including our decision to focus on utility programs, which may make it difficult to evaluate our business and prospects, and may expose us to increased risks and uncertainties;
- we have incurred significant operating losses since inception and may not achieve or sustain profitability in the future;
- we may not be able to raise additional capital to fund future operating losses;
- the Securities and Exchange Commission is investigating us and the results of that investigation could have a material adverse effect on our business, results of operations and financial condition;
- our customers and investors may lose confidence in us because of our restatement;
- it is difficult for us to estimate our future quarterly results;
- we operate in a highly competitive industry and if we are unable to compete successfully or if we do not successfully integrate EnerPath in our operations, our revenue and profitability will be adversely affected;
- we depend upon a limited number of utility contracts to generate substantially all of our revenue; and
- failure of our subcontractors to properly and effectively perform their services in a timely manner could cause delays in the delivery of our energy efficiency solutions.

All forward-looking statements in this report should be considered in the context of the risk and other factors described above and as detailed from time to time in the Company's Securities and Exchange Commission filings. Any forward-looking statements speak only as of the date the statement is made and, except as otherwise required by federal securities laws, we do not undertake any obligation to publicly update, review or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason. It is not possible to identify all of the risks, uncertainties and other factors that may affect future results. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. Accordingly, users of this report are cautioned not to place undue reliance on the forward-looking statements.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

Lime Energy Co.**Condensed Consolidated Balance Sheets**

(in thousands)

	March 31, 2015 (unaudited)	December 31, 2014 (1)
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,631	\$ 5,473
Restricted cash	500	500
Accounts receivable, net of allowance for doubtful accounts of \$1,755 and \$1,794 at March 31, 2015 and December 31, 2014, respectively	18,544	11,820
Inventories	2,545	176
Costs and estimated earnings in excess of billings on uncompleted contracts	8,740	7,407
Prepaid expenses and other	946	619
Current assets of discontinued operations	609	613
Total Current Assets	37,515	26,608
Net Property and Equipment	1,771	1,470
Long-Term Receivables	953	710
Intangible Assets, net	5,564	
Deferred Financing Costs, net	14	22
Goodwill	7,996	6,009
	\$ 53,813	\$ 34,819

Table of Contents**Lime Energy Co.****Condensed Consolidated Balance Sheets**

(in thousands, except share data)

	March 31, 2015 (unaudited)	December 31, 2014 (1)
Liabilities and Stockholders Equity		
Current Liabilities		
Accounts payable	\$ 18,476	\$ 13,341
Accrued expenses	3,056	1,245
Billings in excess of costs and estimated earnings on uncompleted contracts	1,036	705
Customer deposits	777	512
Other current liabilities		11
Current portion of long-term liabilities	16	
Current liabilities of discontinued operations	942	806
Total Current Liabilities	24,303	16,620
Long-Term Debt	7,294	
Derivative Liability	6,449	
Total Liabilities	38,046	16,620
Commitments and Contingencies		
Contingently redeemable Series C Preferred stock, \$0.01 par value: 10,000 shares authorized, issued and outstanding.	9,383	9,633
Stockholders Equity		
Common stock, \$0.0001 par value; 50,000,000 shares authorized 9,545,420 and 9,460,090 issued and outstanding as of March 31, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital		