

LIME ENERGY CO.
Form 10-Q
May 12, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2011

- 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.)

1280 Landmeier Road, Elk Grove Village, Illinois 60007-2410

(Address of principal executive offices, including zip code)

(847) 437-1666

(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

Accelerated Filer

Non-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

23,806,489 shares of the registrant's common stock, \$.0001 par value per share, were outstanding as of May 6, 2011.

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LIME ENERGY CO.

FORM 10-Q

For The Quarter Ended March 31, 2011

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

(in thousands)

	March 31, 2011 (unaudited)	December 31, 2010 (1)
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,877	\$ 13,016
Restricted cash	1,914	1,913
Accounts receivable, net	28,679	26,393
Inventories	877	998
Costs and estimated earnings in excess of billings on uncompleted contracts	9,807	15,417
Prepaid expenses and other	1,216	985
Total Current Assets	50,370	58,722
Net Property and Equipment	3,915	2,940
Long-Term Receivables	421	543
Deferred Financing Costs, Net	28	
Intangibles, Net	5,290	5,444
Goodwill	18,627	18,627
	\$ 78,651	\$ 86,276

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

(in thousands)

	March 31, 2011 (unaudited)	December 31, 2010 (1)
Liabilities and Stockholders Equity		
Current Liabilities		
Current maturities of long-term debt	\$ 109	\$ 115
Accounts payable	17,802	19,143
Accrued expenses	7,800	10,370
Billings in excess of costs and estimated earnings on uncompleted contracts	769	998
Customer deposits	678	791
Total Current Liabilities	27,158	31,417
Long-Term Debt, less current maturities	386	418
Total Liabilities	27,544	31,835
Stockholders Equity		
Common stock, \$.0001 par value; 50,000,000 shares authorized 23,804,776 and 23,662,172 issued and outstanding as of March 31, 2011 and December 31, 2010, respectively	2	2
Additional paid-in capital	183,488	183,140
Accumulated deficit	(132,383)	(128,701)
Total Stockholders Equity	51,107	54,441
	\$ 78,651	\$ 86,276

See accompanying notes to condensed consolidated financial statements

(1) Derived from audited financial statements in the Company's annual report on Form 10-K for the year ended December 31, 2010

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Lime Energy Co.
Unaudited Condensed Consolidated Statements of Operations
(in thousands)

Three Months Ended March 31,	2011	2010
Revenue	\$ 18,980	\$ 11,813
Cost of sales	15,366	9,953
Gross Profit	3,614	1,860
Selling, general and administrative	7,173	6,433
Amortization of intangibles	153	163
Operating loss	(3,712)	(4,736)
Other Income (Expense)		
Interest income	40	50
Interest expense	(10)	(10)
Total other income (expense)	30	40
Net loss	(3,682)	(4,696)
Basic and Diluted Loss Per Common Share	\$ (0.15)	\$ (0.20)
Weighted Average Common Shares Outstanding	23,799	23,592

See accompanying notes to condensed consolidated financial statements

Table of Contents**Lime Energy Co.****Unaudited Condensed Consolidated Statement of Stockholders' Equity**

(in thousands)

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders Equity (Deficit)
Balance, December 31, 2010	23,662	2	183,140	(128,701)	54,441
Share based compensation			348		348
Shares issued for benefit plans and option exercises	143				
Net loss for the three months ended March 31, 2011				(3,682)	(3,682)
Balance, March 31, 2011	23,805	2	183,488	(132,383)	51,107

See accompanying notes to condensed consolidated financial statements.

Table of Contents**Lime Energy Co.****Unaudited Condensed Consolidated Statements of Cash Flows****(in thousands)**

Three Months Ended March 31,	2011	2010
Cash Flows From Operating Activities		
Net Loss	\$ (3,682)	\$ (4,696)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for (recovery of) bad debt	76	(18)
Share based compensation	348	375
Depreciation and amortization	288	281
Amortization of deferred financing costs	3	
(Gain) loss on disposition of fixed assets	(2)	7
Changes in assets and liabilities:		
Accounts receivable	(2,240)	3,112
Inventories	121	(75)
Costs and estimated earnings in excess of billings on uncompleted contracts	5,610	322
Prepaid expenses and other current assets	(231)	(233)
Accounts payable	(1,341)	(2,338)
Accrued expenses	(2,570)	1,031
Billings in excess of costs and estimated earnings on uncompleted contracts	(229)	347
Other current liabilities	(113)	3
Net cash used in operating activities	(3,962)	(1,882)
Cash Flows From Investing Activities		
Proceeds from sale of property and equipment	2	5
Purchases of property and equipment	(1,109)	(116)
Increase in restricted cash	(1)	(500)
Net cash used in investing activities	(1,108)	(611)
Cash Flows From Financing Activities		
Payments of long-term debt	(38)	(32)
Cash paid for deferred financing costs	(31)	
Net cash used in financing activities	(69)	(32)
Net Decrease in Cash and Cash Equivalents	(5,139)	(2,525)
Cash and Cash Equivalents, at beginning of period	13,016	22,870
Cash and Cash Equivalents, at end of period	\$ 7,877	\$ 20,345

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As of March 31,

2011

2010