UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended March 31, 2017

OR

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

Commission File Number 001-36541

LIMBACH HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware, USA (State or other jurisdiction of incorporation or organization)	**46-5399422** (I.R.S. Employer Identification No.)
31 – 35th Street **Pittsburgh, Pennsylvania** (Address of principal executive offices)	**15201** (Zip Code)

1-412-359-2100
(Registrant's telephone number, including area code)

Not Applicable
(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 K (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer , a smaller reporting company or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒ Emerging growth company ☒

(Do not check if a smaller reporting company)

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

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

As of May 12, 2017, there were 7,454,602 shares of the registrant's common stock, $0.0001 par value per share, outstanding.

LIMBACH HOLDINGS, INC.

Form 10-Q

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Part I

Item 1. Financial Statements

LIMBACH HOLDINGS, INC.
Condensed Consolidated Balance Sheets

(*in thousands, except share data*)	Successor	
	March 31, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,291	$ 7,406
Restricted cash	113	113
Accounts receivable, net	107,475	113,972
Costs and estimated earnings in excess of billings on uncompleted contracts	29,722	31,959
Other current assets	4,442	1,733
Total current assets	148,043	155,183
Property and equipment, net of accumulated depreciation of $4.2 million and $2.6 million at March 31, 2017 and December 31, 2016, respectively	17,881	18,541
Intangible assets, net	16,799	17,807
Goodwill	10,488	10,488
Deferred tax asset	5,350	4,268
Other assets	558	588
Total assets	$ 199,119	$ 206,875
LIABILITIES		
Current liabilities		
Current portion of long-term debt	$ 5,989	$ 4,476
Accounts payable, including retainage	53,837	57,034
Billings in excess of costs and estimated earnings on uncompleted contracts	34,115	39,190
Accrued expenses and other current liabilities	21,074	26,029
Total current liabilities	115,015	126,729
Long-term debt	26,772	21,507
Other long-term liabilities	722	817
Total liabilities	142,509	149,053
Commitments and contingencies	-	-
Redeemable convertible preferred stock, net, par value $0.0001, 1,000,000 shares authorized, 400,000 issued and outstanding at March 31, 2017 and December 31, 2016, respectively ($10,569 and $10,365 redemption value at March 31, 2017 and December 31, 2016, respectively)	10,614	10,374
STOCKHOLDERS' EQUITY		
Common stock, $.0001 par value; 100,000,000 shares authorized, 7,454,491 issued and outstanding at March 31, 2017 and December 31, 2016, respectively	1	1
Additional paid-in capital	55,162	55,162
Accumulated deficit	(9,167)	(7,715)
Total stockholders' equity	45,996	47,448
Total liabilities and stockholders' equity	$ 199,119	$ 206,875

The Accompanying Notes are an Integral Part of these Condensed Consolidated Financial Statements

LIMBACH HOLDINGS, INC.
Condensed Consolidated Statements of Operations
(Unaudited)

(*in thousands, except share and per share data*)	Successor Three months ended March 31, 2017	Predecessor Three months ended March 31, 2016
Revenue	$ 115,190	$ 97,819
Cost of revenue	101,421	85,678
Gross profit	13,769	12,141
Operating expenses:		
Selling, general and administrative expenses	14,567	9,841
Amortization of intangibles	1,008	-
Total operating expenses	15,575	9,841
Operating income (loss)	(1,806)	2,300
Other income (expenses):		
Interest income (expense), net	(454)	(835)
Gain (loss) on sale of property and equipment	(37)	4
Total other expenses	(491)	(831)
Income (loss) before income taxes	(2,297)	1,469
Income tax benefit	1,083	—
Net income (loss)	(1,214)	1,469
Dividends on cumulative redeemable convertible preferred stock	238	—
Net loss attributable to Limbach Holdings, Inc. common stockholders	$ (1,452)	
Net income attributable to Limbach Holdings LLC member unit holders		$ 1,469
Successor EPS		
Basic earnings (loss) per share for common stock:		
Net loss attributable to Limbach common stockholders	$ (0.19)	
Diluted earnings (loss) per share for common stock:		
Net loss attributable to Limbach common stockholders	$ (0.19)	
Weighted average number of shares outstanding:		
Basic	7,454,491	
Diluted	7,454,491	

The Accompanying Notes are an Integral Part of these Condensed Consolidated Financial Statements

LIMBACH HOLDINGS, INC.
(Successor)
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)

(in thousands, except share amounts)	Common Stock: Number of shares outstanding	Common Stock: Par value amount	Additional paid-in capital	Accumulated deficit	Stockholders' equity/(deficit)
Balance at December 31, 2016	7,454,491	$ 1	$ 55,162	$ (7,715)	$ 47,448
Dividends on redeemable convertible preferred stock				(238)	(238)
Net loss				(1,214)	(1,214)
Balance at March 31, 2017	7,454,491	$ 1	$ 55,162	$ (9,167)	$ 45,996

The Accompanying Notes are an Integral Part of these Condensed Consolidated Financial Statements

LIMBACH HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Successor	Predecessor
	Three months ended March 31,	
(*in thousands*)	2017	2016
Cash flows from operating activities:		
Net income (loss)	$ (1,214)	$ 1,469
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	2,646	694
Allowance for doubtful accounts	266	22
Capitalized deferred interest on subordinated debt	-	729
Amortization of debt issuance costs	45	-
Deferred tax benefit	(1,083)	-
Accretion of preferred stock discount to redemption value	2	-
(Gain) loss on sale of property and equipment	37	(4)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	6,231	(6,075)
(Increase) decrease in costs and estimated earnings in excess of billings on uncompleted contracts	2,237	(1,536)
(Increase) decrease in other current assets	(573)	(82)
(Increase) decrease in other assets	-	(115)
Increase (decrease) in accounts payable	(3,197)	(4,919)
Increase (decrease) in billings in excess of costs and estimated earnings on uncompleted contracts	(5,075)	5,258
Increase (decrease) in accrued expenses and other current liabilities	(4,955)	(2,679)
Increase (decrease) in other long-term liabilities	(94)	227
Net cash used in operating activities	(4,727)	(7,011)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	7	4
Purchase of property and equipment	(630)	(746)
Net cash used in investing activities	(623)	(742)
Cash flows from financing activities:		
Proceeds from revolving credit facility	-	23,533
Payments on revolving credit facility	-	(21,033)
Payments on Credit Agreement term loan	(750)	-
Proceeds from Credit Agreement revolver	13,034	-
Payments on Credit Agreement revolver	(7,034)	-
Payments on term loan	(20)	(526)
Payments on insurance financed premium	(591)	-
Payments on capital leases	(404)	(307)
Net cash provided by financing activities	4,235	1,667
Decrease in cash and cash equivalents	(1,115)	(6,086)
Cash and cash equivalents, beginning of period – Limbach Holdings, Inc.	7,406	-
Cash and cash equivalents, beginning of period – Limbach Holdings LLC	-	6,107
Cash and cash equivalents, end of period	$ 6,291	$ 21
Supplemental disclosures of cash flow information		
Noncash investing and financing transactions:		
Property and equipment acquired financed with capital leases	$ 393	$ 500
Insurance financed premium	$ 2,135	$ -
Interest paid	$ 409	$ 119

During the Successor period for the three months ended March 31, 2017, the Company recorded redeemable convertible preferred stock dividends totaling $0.2 million.

The Accompanying Notes are an Integral Part of these Condensed Consolidated Financial Statements

LIMBACH HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 — Organization and Plan of Business Operations

Limbach Holdings, Inc. (the "Company" or "Successor"), formerly known as 1347 Capital Corp. ("1347 Capital"), is a Delaware corporation headquartered in Pittsburgh, Pennsylvania. The Company's Condensed Consolidated Financial Statements include the accounts of Limbach Holdings, Inc. and its wholly owned subsidiaries, including Limbach Holdings LLC ("LHLLC"), Limbach Facility Services LLC, Limbach Company LLC, Limbach Company LP, Harper Limbach LLC and Harper Limbach Construction LLC.

The Company was originally incorporated as a special purpose acquisition company, formed for the purpose of effecting a merger, equity interest exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. On July 20, 2016 (the "Acquisition Date" or the "Closing Date"), the Company consummated a business combination ("Business Combination") with LHLLC pursuant to the agreement and plan of merger dated as of March 23, 2016 by and among 1347 Capital Corp. (now Limbach Holdings, Inc.), LHLLC and F*d*G HVAC, LLC ("F*d*G"), as stockholders' representative (the "Merger Agreement"). In connection with the closing of the Business Combination, the Company changed its name from 1347 Capital Corp. to Limbach Holdings, Inc. See Note 4 – Business Combination for further discussion.

Through these entities, we operate our business in two segments, (i) Construction, in which we generally manage large construction or renovation projects that involve primarily HVAC, plumbing and electrical services, and (ii) Service, in which we provide maintenance or service primarily on HVAC, plumbing or electrical services. This work is primarily performed under fixed price, modified fixed price, and time and material contracts over periods of typically less than two years. The Company's customers operate in several different industries, including healthcare, education, government, commercial, manufacturing, entertainment, and leisure. The Company operates primarily in the Northeast, Mid-Atlantic, Southeast, Midwest, and Southwestern regions of the United States.

Emerging Growth Company

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Note 2 — Significant Accounting Policies

Basis of Presentation

Predecessor and Successor Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with instructions to the Quarterly Report on Form 10-Q and Rule 8-03 of Regulation S-X for smaller reporting companies. Consequently, certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading. Readers of this report should refer to the consolidated financial statements and the notes thereto included in our latest Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC").

As a result of the Business Combination, the Company was the acquirer for accounting purposes and LHLLC was the acquiree and accounting predecessor. The Company's financial statement presentation distinguishes the Company's presentations into two distinct periods, the period up to the Acquisition Date (labeled "Predecessor") and the period including and after that date (labeled "Successor"). The merger was accounted for as a Business Combination using the acquisition method of accounting, and the Successor financial statements reflect a new basis of accounting that is based on the fair value of the net assets acquired. Determining the fair value of certain assets and liabilities assumed is judgmental in nature and often involves the use of significant estimates and assumptions. See Note 4 – Business Combination for a discussion of the fair values of assets and liabilities recorded in connection with the Company's acquisition of LHLLC.

As a result of the application of the acquisition method of accounting as of the effective date of the Business Combination, the accompanying Condensed Consolidated Financial Statements include a black line division which indicates that the Predecessor and Successor reporting entities shown are presented on a different basis and are, therefore, not comparable.

The Company's accompanying Condensed Consolidated Balance Sheets are presented for the Successor periods as of March 31, 2017 and December 31, 2016, and its Statements of Operations and Cash Flows are presented for the post-acquisition period from January 1, 2017 through March 31, 2017 (Successor) and the pre-acquisition period from January 1, 2016 through March 31, 2016 (Predecessor). For the Condensed Consolidated Statement of Stockholders' Equity, the Successor results reflect the stockholders' equity balance of the Company from January 1, 2017 through March 31, 2017 and December 31, 2016.

The historical financial information of 1347 Capital, prior to the Business Combination (a special purpose acquisition company, or SPAC) has not been reflected in the Predecessor financial statements as these historical amounts have been considered *de minimis.* SPACs deposit the proceeds from their initial public investor offerings into a segregated trust account until a business combination occurs, where such funds are then used to pay consideration for the acquiree or stockholders who elect to redeem their shares of common stock in connection with the vote to approve such business combination. Accordingly, the activity of the Company for periods through July 19, 2016 reflects only LHLLC's operations as Predecessor.

Unaudited Interim Financial Information

The accompanying interim Condensed Consolidated Balance Sheet as of March 31, 2017, the Condensed Consolidated Statements of Operations, Condensed Consolidated Statement of Stockholders' Equity and the Condensed Consolidated Statements of Cash Flows for the periods presented are unaudited. Also, within the notes to the Condensed Consolidated Financial Statements, we have included unaudited information for these interim periods. These unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with GAAP.

In our opinion, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of a normal recurring nature) necessary for a fair statement of the Company's financial position as of March 31, 2017, and its results of operations and its cash flows for the three months ended March 31, 2017 (Successor) and March 31, 2016 (Predecessor). The results for the three months ended March 31, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017.

The Successor Condensed Consolidated Balance Sheet as of December 31, 2016 was derived from audited financial statements, but does not contain all of the footnote disclosures from the annual financial statements.

Principles of Consolidation

The Successor Condensed Consolidated Financial Statements include all amounts of Limbach Holdings, Inc. and its subsidiaries. The Predecessor Condensed Consolidated Financial Statements include all amounts of LHLLC and its subsidiaries. All intercompany balances and transactions have been eliminated.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of currency on hand, demand deposits at commercial banks, and liquid investment funds having maturity of three months or less at the time of purchase. The Company maintains demand accounts at several domestic banks. From time to time, account balances have exceeded the maximum available Federal Deposit Insurance Corporation (FDIC) coverage limit.

Restricted Cash

Restricted cash is cash held at a commercial bank in an imprest account held for the purpose of funding workers' compensation and general liability claims against the Company. This amount is replenished either when depleted or at the beginning of each month.

Accounts Receivable

Accounts receivable includes amounts billed to customers under retention provisions in construction contracts. Such provisions are standard in the Company's industry and usually allow for a small portion of progress billings or the contract price, typically 10%, to be withheld by the customer until after the Company has completed work on the project. Based on the Company's experience with similar contracts in recent years, billings for such retention balances at each balance sheet date are finalized and collected after project completion. Generally, unbilled amounts will be billed and collected within one year.

The carrying value of the receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. Management provides for probable uncollectible accounts through a charge to earnings and a credit to the valuation account based on its assessment of the current status of individual accounts, type of service performed, and current economic conditions. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and an adjustment of the account receivable.

Revenues and Cost Recognition

Revenues from fixed price and modified fixed price contracts are recognized on the percentage-of-completion method, measured by the relationship of total cost incurred to total estimated contract costs (cost-to-cost method). Revenues from time and materials contracts are recognized as services are performed. Contract revenue for long-term construction contracts is based upon management's estimate of contract values at completion, including revenue for additional work on which the contract value has not been finalized (claims) but is considered probable. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to estimated costs and income, and are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are recognized in the period in which such losses are determined.

Contract costs include direct labor, material, and subcontractor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, depreciation, and insurance. Total estimated contract costs are based upon management's current estimate of total costs at completion.

The Company recognizes revenues from its service segment contracts as these services are performed. There are two basic types of service contracts: fixed price service contracts which are signed in advance for maintenance, repair, and retrofit work over a period of typically one year, and service contracts not signed in advance for similar maintenance, repair, and retrofit work performed on an as-needed basis. Fixed price service contracts are generally performed evenly over the contract period, and accordingly, revenue is recognized on a pro rata basis over the life of the contract. Revenues derived from other service contracts are recognized when the services are performed. Expenses related to all service contracts are recognized as services are provided.

Costs and estimated earnings in excess of billings on uncompleted contracts reflected in the consolidated balance sheets arise when revenues have been recognized but the amounts cannot be billed under the terms of the contracts. Also included in costs and estimated earnings on uncompleted contracts are amounts the Company seeks or will seek to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or unapproved as to scope and price, or other customer-related causes of unanticipated additional contract costs (claims and unapproved change orders). Such amounts are recorded at estimated net realizable value when realization is probable and can be reasonably estimated. No profit is recognized on the construction costs incurred in connection with claim amounts. Claims and unapproved change orders made by the Company may involve negotiation and, in rare cases, litigation. Unapproved change orders and claims also involve the use of estimates, and it is reasonably possible that revisions to the estimated recoverable amounts of recorded claims and unapproved change orders may be made in the near term. Claims against the Company are recognized when a loss is considered probable and amounts are reasonably determinable. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenues recognized.

In accordance with industry practice, we classify as current all assets and liabilities relating to the performance of contracts. The terms of our contracts generally range from six months to two years.

Selling, general, and administrative costs are charged to expense as incurred. Bidding and proposal costs are also recognized as an expense in the period in which such amounts are incurred.

Goodwill and Intangible Assets

Goodwill and indefinite-lived intangible assets are not amortized, but are reviewed for impairment at least annually, or more frequently when events or changes in circumstances indicate that the carrying value may not be recoverable. Judgments regarding indicators of potential impairment are based on market conditions and operational performance of the business.

Annually, the Company performs an impairment analysis of goodwill. The Company may assess its goodwill for impairment initially using a qualitative approach (“step zero”) to determine whether conditions exist to indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. If management concludes, based on its assessment of relevant events, facts and circumstances, that it is more likely than not that a reporting unit’s carrying value is greater than its fair value, then a quantitative analysis will be performed to determine if there is any impairment. The Company may also elect to initially perform a quantitative analysis instead of starting with step zero. The quantitative assessment for goodwill is a two-step process. The Company has not yet adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2017-04, “Intangibles-Goodwill and Other – Simplifying the Test for Goodwill Impairment”. See Note 3 – Accounting Standards in the Notes to Condensed Consolidated Financial Statements. “Step one” requires comparing the carrying value of a reporting unit, including goodwill, to its fair value using the income approach. The income approach uses a discounted cash flow model, which involves significant estimates and assumptions, including preparation of revenue and profitability growth forecasts, selection of a discount rate, and selection of a terminal year multiple. If the fair value of the respective reporting unit exceeds its carrying amount, goodwill is not considered to be impaired and no further testing is required. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is to measure the amount of impairment loss, if any. “Step two” compares the implied fair value of goodwill to the carrying amount of goodwill. The implied fair value of goodwill is determined by a hypothetical purchase price allocation using the reporting unit’s fair value as the purchase price. If the carrying amount of goodwill exceeds the implied fair value, an impairment charge is recorded to write down goodwill to its implied fair value and is recorded as a selling, general and administrative expense within the Company’s Condensed Consolidated Statements of Operations.

Annually, the Company also performs an impairment analysis of its indefinite-lived intangible assets. Impairment losses are recorded to the extent that the carrying value of the indefinite-lived intangible asset exceeds its fair value. The Company measures the fair value of its trade name using an income approach which uses a discounted cash flow model. The most significant estimates and assumptions inherent in this approach are the preparation of revenue and profitability growth forecasts, selection of a discount rate and a terminal year multiple.

The Company reviews intangible assets with definite lives subject to amortization whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Intangible assets with definite lives subject to amortization are amortized on a straight-line or accelerated basis with estimated useful lives ranging from 1 to 15 years. Events or circumstances that might require impairment testing include the identification of other impaired assets within a reporting unit, loss of key personnel, the disposition of a significant portion of a reporting unit, a significant decline in stock price, or a significant adverse change in the Company's business climate or regulations affecting the Company.

Long-Lived Assets

We evaluate the carrying value of long-lived assets including definite-lived intangibles whenever events or changes in circumstances indicate that a potential impairment has occurred. A potential impairment has occurred if the projected future undiscounted cash flows are less than the carrying value of the assets. The estimate of cash flows includes management's assumptions of cash inflows and outflows directly resulting from the use of the asset in operations. When a potential impairment has occurred, an impairment charge is recorded if the carrying value of the long-lived asset exceeds its fair value. Fair value is measured based on a projected discounted cash flow model using a discount rate which we feel is commensurate with the risk inherent in our business. Our impairment analysis contains estimates due to the inherently judgmental nature of forecasting long-term estimated cash flows and determining the ultimate useful lives of assets. Actual results may differ, which could materially impact our impairment assessment.

Property and Equipment, net

Property and equipment, including purchases financed through capital leases, are recorded at cost and depreciated on a straight-line basis over their estimated useful lives. For buildings and leasehold improvements, the Company's useful lives range from 5 to 40 years; for machinery and equipment, useful lives range from 1 to 10 years. Expenditures for maintenance and repairs are expensed as incurred. Leasehold improvements for operating leases are amortized over the lesser of the term of the related lease or the estimated useful lives of the improvements.

Deferred Financing Costs

Deferred financing costs representing third-party, lender debt issuance costs are deferred and amortized using the effective interest rate method over the term of the related long-term debt agreement, and the straight-line method for the revolving credit agreement.

Debt issuance costs related to term loans are reflected as a direct deduction from the carrying amount of Long-term debt liability, in accordance with FASB ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs". Debt issuance costs related to revolving credit facilities are capitalized and reflected as an Other asset.

Stock Based Compensation

Successor

Upon approval of the Business Combination, the Company adopted the Limbach Holdings, Inc. 2016 Omnibus Incentive Plan (the "2016 Plan"). Certain employees, directors and consultants are eligible to be granted awards under the 2016 Plan, other than incentive stock options, which may be granted only to employees. Successor has reserved 800,000 shares of the Company's common stock for issuance under the 2016 Plan. The number of shares issued or reserved pursuant to the 2016 Plan will be adjusted by the plan administrator, as they deem appropriate and equitable, as a result of stock splits, stock dividends, and similar changes in the Company's common stock. In connection with the grant of an award, the plan administrator may provide for the treatment of such award in the event of a change in control. At March 31, 2017, no stock-based awards had been granted under the 2016 Plan.

Predecessor

The Company measured future compensation expense for all stock options and warrants based on the fair value of the awards at the grant date using the Black-Scholes option pricing model. The Company's Predecessor stock options could only be exercised in connection with a change in control of the Company, consummation of an initial public offering, or dissolution of the Company, as defined by the agreement.

Income Taxes

Successor

For interim periods, the provision for income taxes (including federal, state, local and foreign taxes) is calculated based on the estimated annual effective tax rate. The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, Income Taxes, which requires the use of the asset and liability method. Under this method, deferred tax assets and liabilities and income or expense is recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and their respective tax bases, using enacted tax rates expected to be applicable in the years in which the temporary differences are expected to reverse. Changes in tax rates are recorded to deferred tax assets and liabilities and reflected in the provision for income taxes during the period that includes the enactment date.

The Company evaluates the realizability of its deferred tax assets and establishes a valuation allowance when it is more likely than not that all or a portion of the deferred tax assets will not be realized. Potential for recovery of deferred tax assets is evaluated by estimating the future taxable profits expected, scheduling of anticipated reversals of taxable temporary differences, and considering prudent and feasible tax planning strategies.

The Company determines its income tax benefits and liabilities for uncertain income tax positions based on a two-step process. The first step is recognition, where an individual tax position is evaluated as to whether it has a likelihood of greater than 50% of being sustained upon examination based on the technical merits of the position, including resolution of any related appeals or litigation processes. No tax benefit is recorded for tax positions that are currently estimated to have less than a 50% likelihood of being sustained. For tax positions that have met the recognition threshold in the first step, the Company performs the second step of measuring the benefit to be recorded. The actual benefits ultimately realized may differ from the estimates. In future periods, changes in facts, circumstances and new information may require the Company to change the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recorded as income tax expense and liabilities in the period in which such changes occur.

Any interest or penalties incurred related to unrecognized tax benefits are recorded as tax expense in the provision for income tax expense line item of the accompanying Condensed Consolidated Statements of Operations. The Company has not incurred interest expense or penalties related to income taxes during any period presented in the Condensed Consolidated Financial Statements. The Condensed Consolidated Financial Statements reflect expected future tax consequences of such positions presuming the taxing authorities have full knowledge of the position and all relevant facts, but without considering time values.

Predecessor

The Predecessor was a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Predecessor being passed through to the members. As such, no recognition of federal or state income taxes for the Predecessor or its subsidiaries that are organized as limited liability companies or limited partnerships was provided for in the accompanying Predecessor Condensed Consolidated Financial Statements.

Fair Value Measurements

Accounting guidance defines fair value as the exit price associated with the sale of an asset or transfer of a liability in an orderly transaction between market participants at the measurement date. Under this guidance, valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, this guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 — inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 — significant unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Successor

The Company believes that the carrying amounts of its financial instruments, including cash and cash equivalents, trade accounts receivable and accounts payable consist primarily of instruments without extended maturities, which approximate fair value primarily due to their short-term maturities and low risk of counterparty default. As of March 31, 2017, the Company determined the fair value of its senior credit facility term loan at $21.8 million and its revolver loan at $6.0 million. Such fair value is determined using discounted estimated future cash flows using level 3 inputs.

Cumulative Redeemable Convertible Preferred Stock

The Company's cumulative redeemable convertible preferred stock is classified as temporary equity and is shown net of issuance costs. Unpaid cumulative preferred dividends are compounded and accumulated at each quarterly dividend date and presented within the carrying value of the preferred stock. As of March 31, 2017 and December 31, 2016, the difference between carrying value and redemption value is due to the issuance costs and the difference between the accrual of dividends using the straight-line method and the actual dividend amount. On the six-year anniversary of its issuance, the preferred stock is to be redeemed by the Company. As of such date, the carrying value will equal its redemption value.

Earnings per Share

Successor

The Company calculates earnings per share in accordance with ASC 260 — Earnings per Share. Basic earnings per common share (“EPS”) applicable to common stockholders is computed by dividing earnings applicable to common stockholders by the weighted-average number of common shares.

Income (loss) available to common stockholders is computed by deducting the dividends accumulated for the period on cumulative preferred stock from income from continuing operations (if applicable) and also from net income. If there is a loss from continuing operations or a net loss, the amount of the loss is increased by those preferred dividends.

Diluted EPS assumes the dilutive effect of outstanding common stock warrants and unit purchase options (“UPOs”), using the treasury stock method, in accordance with ASC 260-10-45-22, and the dilutive effect of the Series A cumulative convertible preferred stock, using the if-converted method, in accordance with ASC 260-10-45-40. The if-converted method adds back preferred stock dividends to net income if dilutive.

The control number for determining whether including potential common shares in the diluted EPS computation would be antidilutive is income from continuing operations. As a result, if there is a loss from continuing operations, diluted EPS is computed in the same manner as basic EPS is computed, even if the Company had net income after adjusting for a discontinued operation or change in accounting principle. Similarly, if the Company has income from continuing operations but its preferred dividend adjustment made in computing income available to common stockholders (in accordance with ASC 260-10-45-11) results in a loss from continuing operations available to common stockholders, diluted EPS would be computed in the same manner as basic EPS.

The computation of diluted EPS for the Successor for the three months ended March 31, 2017 excluded 800,000 potential shares related to preferred stock under the if-converted method and 680,607 potential shares from warrants using the treasury stock method, although “in the money” (the average market price exceeded the exercise price), as to do so would have been antidilutive for that period. Diluted EPS also excluded 6,913 potential shares under the treasury stock method in connection with 17,100 remaining UPOs (issued in 2014) as to do so would also have been antidilutive for that period.

Warrants to purchase 600,000 shares of common stock at $15.00 per share were outstanding but were not included in the computation of diluted EPS because the warrants’ exercise price was greater than the average market price of the common shares during the period (in accordance with ASC 260-10-55-3). These warrants, which expire on various dates through July 20, 2023, were still outstanding at March 31, 2017.

(in thousands, except per share amounts)		For the Three months ended March 31, 2017
EPS numerator:		
Net loss	$	(1,214)
Less: Undistributed preferred stock dividends		(238)
Net loss attributable to Limbach Holdings, Inc. common stockholders	$	(1,452)
EPS denominator:		
Weighted average shares outstanding – basic		7,455
Impact of dilutive securities		-
Weighted average shares outstanding – diluted		7,455
Basic EPS attributable to common stockholders:		
Net loss attributable to Limbach Holdings, Inc. common stockholders	$	(0.19)
Diluted EPS attributable to common stockholders:		
Net loss attributable to Limbach Holdings, Inc. common stockholders	$	(0.19)

Predecessor

The Company has not presented predecessor earnings per member unit information because it is not meaningful or comparable to the required Successor EPS information, as well as the fact that Predecessor units were not publicly traded.

Segment Disclosure

The Company manages and measures performance of its business in two distinct operating segments: Construction and Service. The significant accounting policies described in this note are utilized within our segment reporting. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Management evaluates performance based on income from operations of the respective branches after the allocation of Corporate office operating expenses. Transactions between segments are eliminated in consolidation. Our Corporate office provides general and administrative support services to our two operating segments. Management allocates costs between segments for selling, general and administrative expenses and depreciation expense.

The Company does not identify capital expenditures and total assets by segment in its internal financial reports due in part to the shared use of a centralized fleet of vehicles and specialized equipment. Interest expense is not allocated to segments because of the Company's corporate management of debt service, including interest.

Note 3 – Accounting Standards

Recent Accounting Pronouncements

The effective dates shown in the following pronouncements are private company effective dates, based upon the Company's election to conform to private company effective dates based on the relief provided to Emerging Growth Companies ("EGC") under the JOBS Act.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers—Topic 606”, which supersedes the revenue recognition requirements in FASB ASC 605. The new guidance established principles for reporting revenue and cash flows arising from an entity’s contracts with customers. This new revenue recognition standard will replace most of the recognition guidance within GAAP. This guidance was deferred by ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, issued by the FASB in August 2015, which deferred the effective date of ASU 2014-09 from annual and interim periods beginning after December 15, 2017 to annual and interim periods beginning after December 15, 2018. In March 2016, the FASB issued ASU 2016-08, Revenue from Contracts with Customers: Principal versus Agent Considerations, which further clarifies the implementation guidance in ASU 2014-09. In April 2016, the FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, to expand the guidance on identifying performance obligations and licensing within ASU 2014-09. In May 2016, the FASB issued ASU 2016-12, Revenues from Contracts with Customers: Narrow-Scope Improvements and Practical Expedients, which amends the guidance in the new revenue standard on collectability, noncash consideration, presentation of sales tax, and transition. The amendments are intended to address implementation issues that were raised by stakeholders and provide additional practical expedients to reduce the cost and complexity of applying the new revenue standard. The guidance can be applied on a full retrospective or modified retrospective basis whereby the entity records a cumulative effect of initially applying this update at the date of initial application. In December 2016, the FASB issued ASU 2016-20, “Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers” intended to clarify the codification or to correct unintended application of guidance which clarifies the definition of loan guarantee fees, what should be considered in contract costs impairment testing, a requirement that provisions for losses on construction-type and production-type contracts be determined at the least at the contract level, exclusion of insurance contracts from scope, specific disclosures regarding remaining performance obligations, disclosure of prior-period performance obligations and gives an example of contract modifications. These standards are effective for fiscal years beginning after December 15, 2018, including interim periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company has not yet commenced its analysis of this standard or selected the basis on which it will be applied, and therefore cannot estimate the impact of its adoption on the Condensed Consolidated Financial Statements.

In February 2016, FASB issued ASU No. 2016-02, “Leases (Topic 842)”. ASU 2016-02 provides an approach for classifying leases as either finance leases or operating leases. For either classification, a right-of-use asset and a lease liability will be required to be recognized, unless the term of the lease is one year or less. The guidance is required to be applied using a modified retrospective approach which includes optional practical expedients. It is effective for annual periods beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Earlier application is permitted. The Company has not yet commenced its analysis of this standard and therefore cannot estimate the impact of its adoption on the Condensed Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, “Compensation—Stock Compensation: Improvements to Employee Share-Based Payment Accounting” to simplify accounting for employee share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The Company is currently evaluating this standard to determine the impact of its adoption on the Condensed Consolidated Financial Statements.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments” to address diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The amendments in this Update should be applied using a retrospective transition method to each period presented. The Company is currently evaluating this standard to determine the impact of its adoption on the Condensed Consolidated Financial Statements.

In November 2016, the FASB issued ASU 2016-18, “Statement of Cash Flows: Restricted Cash” to address diversity in practice in the classification and presentation of changes in restricted cash on the statement of cash flows. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2018, and for interim periods beginning after December 15, 2019. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the year that includes that interim period. The Company is currently evaluating this standard to determine the impact on the Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business” to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments provide a screen to determine when a set of assets and activities is not a business. If the screen is not met, the amendments require further consideration of inputs, substantive processes and outputs to determine whether the transaction is an acquisition of a business. This guidance is effective for financial statements issued for annual periods beginning after December 15, 2018, and for interim periods within annual periods beginning after December 15, 2019. The amendments in this update are to be applied prospectively on or after the effective date. The Company is currently evaluating this standard to determine the impact on its Consolidated Financial Statements.

Also, in January 2017, the FASB issued ASU 2017-03, “Accounting Changes and Error Corrections (Topic 250) and Investments–Equity Method and Joint Ventures (Topic 323)” which applies to ASU 2014-09 and ASU 2016-02 and provides an SEC staff view that a Company evaluate ASUs not yet adopted to determine the appropriate financial statement disclosures about the potential material impacts of those ASUs on the financial statements when adopted in a future period according to Staff Accounting Bulletin (“SAB”) Topic 11.M. If the Company does not know or cannot reasonably estimate the impact that adoption of the ASU is expected to have on the financial statements, a statement should be made to that effect and additional qualitative financial statement disclosures should be made to assist the financial statement reader in assessing the significance of the impact that the standard will have on the financial statements when adopted. This guidance was effective upon issuance and has been adopted.

In January 2017, the FASB issued ASU 2017-04, “Intangibles–Goodwill and Other - Simplifying the Test for Goodwill Impairment” to address the cost and complexity of the goodwill impairment test which resulted in the elimination of Step 2 from the goodwill impairment test. Step 2 measured a goodwill impairment loss by comparing the implied fair value of goodwill by assigning fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Rather, the Company would be required to do its annual and interim goodwill impairment tests by comparing the fair value of the reporting unit with its carrying amount and to recognize an impairment charge for the amount by which the carrying amount is greater than the reporting unit’s fair value, not to exceed the total amount of goodwill allocated to that reporting unit. Income tax effects measuring the goodwill impairment loss, if applicable, from any tax deductible goodwill on the carrying amount on the reporting unit should also be considered. The guidance is effective for financial statements issued for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments in this Update are to be applied on a prospective basis along with a disclosure of the nature and reason for the change in accounting principle upon initial adoption. The Company is currently evaluating this standard to determine the impact on the Consolidated Financial Statements.

Note 4 – Business Combination

On July 20, 2016, pursuant to the Merger Agreement, a wholly owned subsidiary of the Company merged with and into LHLLC in a transaction accounted for as a business combination. Following this transaction, 1347 Capital changed its name to Limbach Holdings, Inc.

LHLLC’s equity holders and option holders received consideration comprised of (a) \$32.4 million in cash, (b) 2,200,005 shares of Company common stock at a fair value of \$17.5 million, (c) 666,670 merger warrants, each exercisable for one share of Company common stock at an exercise price of \$12.50 per share at a fair value of \$0.5 million, and (d) 1,000,006 additional warrants, each exercisable for one share of Company common stock at an exercise price of \$11.50 per share with a fair value of \$0.6 million on July 20, 2016. Certain of the shares and warrants are subject to lockup agreements and securities law restrictions. Additional cash in excess of fair value of \$0.6 million was paid to LHLLC (Predecessor) Class C Unit Option holders, resulting in share-based compensation expense to Limbach Holdings, Inc. (Successor) of \$0.6 million for the period from July 20, 2016 through December 31, 2016. Total cash paid, including the additional share-based compensation, was \$33.0 million.

As part of the consideration in the Business Combination, the Company issued equity securities to LHLLC's equity holders pursuant to an effective registration statement (common stock and Merger Warrants) and pursuant to a private placement (Additional Merger Warrants) under Section 4(a)(2) of the Securities Act of 1933, as amended ("Securities Act"). Securities Act restrictions on the resale of such securities constitute a security-specific restriction under fair value guidance; therefore, a price adjustment to the fair value is appropriate for affiliates of the Company who own in excess of 10% of the outstanding securities. Fair value determinations for the securities used as consideration are valued at market prices, unless they have a security-specific restriction. Fair value determination for securities with security-specific restrictions under federal securities laws incorporate a price adjustment to the market price.

The final valuations of assets acquired and liabilities assumed were:

(in thousands)	**As of July 20, 2016**
Cash and cash equivalents	$ 238
Restricted cash	63
Accounts receivable	80,930
Property and equipment	20,990
Intangible assets	20,910
Costs and estimated earnings in excess of billings on uncompleted contracts	38,215
Other current assets	2,272
Other assets	130
Advances to and equity in joint ventures, net	6
Deferred tax assets	380
Total assets acquired	164,134
Accounts payable, including retainage	35,596
Accrued expenses and other current liabilities	26,507
Billings in excess of costs on and estimated earnings on uncompleted contracts	30,068
Long-term debt	30,858
Other long term liabilities	645
Total liabilities assumed	123,674
Net assets acquired	**$ 40,460**

Note 5 – Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable and the allowance for uncollectible accounts are comprised of the following:

	Successor	
(*in thousands*)	**March 31, 2017**	**December 31, 2016**
Accounts receivable – trade	$ 82,901	$ 90,296
Retainage	25,054	23,868
Allowance for doubtful accounts	(480)	(192)
Accounts receivable, net of allowance for doubtful accounts	$ 107,475	$ 113,972

Note 6 – Contracts in Progress

	Successor	
(*in thousands*)	**March 31, 2017**	**December 31, 2016**
Revenue earned on uncompleted contracts	$ 520,565	$ 532,549
Less: Billings to date	(524,958)	(539,780)
Net overbilling	$ (4,393)	(7,231)
The above is reflected in the accompanying condensed consolidated balance sheets as follows:		
Costs and estimated earnings in excess of billing on uncompleted contracts	29,722	31,959
Billings in excess of costs and estimated earnings on uncompleted contracts	(34,115)	(39,190)
Net overbilling	$ (4,393)	$ (7,231)

Accounts payable includes retainage due to subcontractors totaling $9.3 million and $8.9 million as of March 31, 2017 and December 31, 2016, respectively.

The Company has asserted claims and may have unapproved change orders on certain construction projects. These occur typically as a result of scope changes and project delays. Management evaluates these items and estimates the recoverable amounts if this occurs. If significant, these recoverability estimates are evaluated to determine the net realizable value. If additional amounts are recovered, additional contract revenue would be recognized. The current estimated net realizable value of such items as recorded in costs and estimated earnings in excess of billings on uncompleted contracts in the condensed consolidated balance sheets is listed below:

	Successor	
	As of March 31, 2017	**As of December 31, 2016**
(*in thousands*)		
Gross amount of unresolved change orders and claims	$ 7,463	$ 7,932
Valuation allowance	-	-
Net amount of unresolved change orders and claims	$ 7,463	$ 7,932

The Company anticipates that the majority of such amounts will be earned as revenue within one year.

Note 7 – Intangibles

Goodwill was $10.5 million at March 31, 2017 (Successor) and December 31, 2016 (Successor). There has been no change in the carrying amount of the trade name since December 31, 2016 (Successor).

Intangible assets, excluding goodwill, are comprised of the following:

	Successor		
(in thousands)	Gross carrying amount	Accumulated amortization	Net intangible assets, excluding goodwill
March 31, 2017			
Amortized intangible assets:			
Backlog – Construction	$ 4,830	$ (2,746)	$ 2,084
Backlog – Service	880	(615)	265
Customer Relationships - Service	4,710	(702)	4,008
Favorable Leasehold Interests	530	(48)	482
Total amortized intangible assets	10,950	(4,111)	6,839
Unamortized intangible assets:			
Trade Name	9,960	—	9,960
Total unamortized intangible assets	9,960	—	9,960
Total amortized and unamortized assets, excluding goodwill	$ 20,910	$ (4,111)	$ 16,799

	Successor		
(in thousands)	Gross carrying amount	Accumulated amortization	Net intangible assets, excluding goodwill
December 31, 2016			
Amortized intangible assets:			
Backlog – Construction	$ 4,830	$ (2,222)	$ 2,608
Backlog – Service	880	(398)	482
Customer Relationships - Service	4,710	(452)	4,258
Favorable Leasehold Interests	530	(31)	499
Total amortized intangible assets	10,950	(3,103)	7,847
Unamortized intangible assets:			
Trade Name	9,960	—	9,960
Total unamortized intangible assets	9,960	—	9,960
Total amortized and unamortized assets, excluding goodwill	$ 20,910	$ (3,103)	$ 17,807

The definite-lived intangible assets are amortized over the period the Company expects to receive the related economic benefit, which for customer relationships is based upon estimated future net cash inflows. The indefinite-lived intangible assets are tested for impairment annually, or when an impairment event occurs. The Company has previously determined that its trade name has an indefinite useful life. The Limbach trade name has been in existence since the Company's founding in 1901 and therefore is an established brand within the industry.

Total amortization expense for these amortizable intangible assets was $1.0 million for the three months ended March 31, 2017 (Successor). There were no intangible assets in the Predecessor period, and accordingly, there was no amortization expense. The Company did not recognize any impairment charges related to definite and indefinite-lived intangible assets during the Successor period for the three months ended March 31, 2017.

Note 8 – Debt

Long-term debt consists of the following obligations as of:

	Successor	
(*in thousands*)	**March 31, 2017**	**December 31, 2016**
Credit Agreement – revolver (Successor)	$ 6,000	$ -
Credit Agreement – term loan payable in quarterly installments of principal, plus interest through 2021	21,750	22,500
Casualty insurance premium financing	1,544	-
State of Ohio loan- payable in monthly installments of principal, plus interest at 3% through 2017	13	33
Capital leases – collateralized by vehicles, payable in monthly installments of principal, plus interest ranging from 4.9% to 5.3% through 2021	3,708	3,719
Total debt	33,015	26,252
Less - Current portion	(5,989)	(4,476)
Less - Debt issuance costs	(254)	(269)
Long-term debt	$ 26,772	$ 21,507

Successor

Senior Credit Facility

In conjunction with the completion of the Business Combination, all amounts outstanding under LHLLC's prior senior credit facility were paid in full and a subsidiary of the Company, Limbach Facility Services LLC ("LFS"), entered into a new senior credit facility with multiple lenders (the "Credit Agreement"). The new senior credit facility consists of a $25.0 million revolving line of credit and a $24.0 million term loan, both with a maturity date of July 20, 2021. It is collateralized by substantially all assets of LFS and its subsidiaries. Principal payments of $750,000 on the term loan are due quarterly commencing with the calendar quarter ended September 30, 2016, and ending with the calendar quarter ending June 30, 2018. Principal payments of $900,000 are due at the end of subsequent quarters through maturity of the loan, with any remaining amounts due at maturity. Outstanding borrowings on both the term loan and the revolving line of credit bear interest at either the Base Rate (as defined in the Credit Agreement) or LIBOR (as defined in the Credit Agreement), plus the applicable additional margin, payable monthly. The interest rate in effect at March 31, 2017 on the term loan was 4.77% and 6.75% on the revolving line of credit.

The Credit Agreement includes restrictions on, among other things and subject to certain exceptions, the Company and its subsidiaries' ability to incur additional indebtedness, pay dividends or make other distributions, redeem or purchase capital stock, make investments and loans and enter into certain transactions, including selling assets, engaging in mergers or acquisitions and entering into transactions with affiliates.

The Credit Agreement requires that the Company comply with certain financial performance covenants including total leverage, senior leverage, fixed charges and tangible net worth. As of March 31, 2017, the Company was in compliance with these covenants under the Credit Agreement.

Mandatory prepayments are required upon the occurrence of certain events, including, among other things and subject to certain exceptions, equity issuances, changes of control of the Company, certain debt issuances, assets sales and excess cash flow. Commencing with the fiscal year ending December 31, 2017, the Company will be required to remit an amount equal to 50% of the excess cash flow (as defined in the Credit Agreement) of the Company, which percentage will be reduced based on the Senior Leverage Ratio (as defined therein). The Company may voluntarily prepay the loans at any time subject to the limitations set forth in the Credit Agreement.

The equity interests of the Company's subsidiaries have been pledged as security for the obligations under the Credit Agreement. The Credit Agreement includes customary events of default, including, among other items, payment defaults, cross-defaults to other indebtedness, a change of control default and events of default with respect to certain material agreements. Additionally, with respect to the Company, an event of default occurs if the Company's securities cease to be registered with the SEC pursuant to Section 12(b) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"). In case of an event of default, the administrative agent would be entitled to, among other things, accelerated payment of amounts due under the new senior credit facility, foreclose on the equity of the Company's subsidiaries, and exercise all rights of a secured creditor on behalf of the lenders.

The additional margin applied to both the revolver and term loan is determined based on levels achieved under the Company's Senior Leverage Ratio covenant, which reflects the ratio of indebtedness divided by EBITDA for the most recently ended four quarters.

The following is a summary of the additional margin and commitment fees payable on the available revolving credit commitment:

Level	Senior Leverage Ratio	Additional Margin for Base Rate loans	Additional Margin for Libor Rate loans	Commitment Fee
I	Greater than or equal to 2.50 to 1.00	3.00%	4.00%	0.50%
II	Less than 2.50 to 1.00, but greater than or equal to 2.00 to 1.00	2.75%	3.75%	0.50%
III	Less than 2.00 to 1.00, but greater than or equal to 1.50 to 1.00	2.50%	3.50%	0.50%
IV	Less than 1.50 to 1.00	2.25%	3.25%	0.50%

During the three months ended March 31, 2017, the Company drew down $6.0 million on its revolving credit facility. The Company had $14.8 million of availability under its revolving credit facility at March 31, 2017.

Subordinated Debt

In conjunction with the completion of the Business Combination, the Company's prior subordinated debt was paid in full and LFS entered into a new subordinated debt agreement. The new subordinated debt agreement consisted of a $13.0 million loan with a maturity date of July 20, 2022 (the "Subordinated Loan"). Principal payments were not required prior to maturity. Outstanding borrowings bore interest at 16.0%, with 13.0% payable quarterly in cash, and the Company had the option either to pay the remaining 3.0% in cash or have it deferred and capitalized into the Subordinated Loan balance. On December 21, 2016, the Company repaid all amounts outstanding under the Subordinated Loan Agreement in full settlement thereof, including deferred interest and prepayment penalties, totaling $15.3 million, with the proceeds of the Company's public offering of 1,405,500 shares of its common stock at a price of $13.50 per share.

Predecessor

Senior Credit Facility

The Predecessor had a senior credit facility with a single lender. The revolving credit facility permitted borrowings up to $30.0 million. In January 2016, the credit facility was increased to $35.0 million and the maturity date was extended to May 2018. It was collateralized by substantially all of the Company's assets except for real property. The credit facility contained certain restrictive covenants, which, among other things, required the Company to maintain certain financial ratios. The credit facility also contained cross-default provisions related to the subordinated debt facility and the underwriting agreement with the Company's surety. In January 2016, the term loan was converted into a "draw term" loan facility and the amount of the facility was increased to $7.5 million, of which $5.5 million was available to be drawn in increments not to exceed $2.0 million.

A commitment fee was payable on the average daily unused amount of the senior credit facility. The fee was 0.4% of the unused amount.

Note 9 – Equity

Successor

The Company's second amended and restated certificate of incorporation currently authorizes the issuance of 100,000,000 shares of common stock, par value $0.0001, and 1,000,000 shares of preferred stock, par value $0.0001. Prior to the Business Combination, there were 5,948,000 shares of common stock issued and outstanding.

In connection with its initial public offering in July 2014, the Company sold 4,798,000 units comprised of one common share, one warrant, and one right to automatically obtain one-tenth of a common share upon the consummation of a business combination. At the time of the Business Combination, these 4,798,000 outstanding rights were automatically converted into 479,800 common shares.

At March 31, 2017 and December 31, 2016, the Company had outstanding warrants exercisable for 4,665,676 shares of common stock, consisting of: (i) 4,600,000 Public Warrants; (ii) 198,000 warrants, each exercisable for one-half of one share of common stock at an exercise price of $5.75 per half share ($11.50 per whole share) ("Sponsor Warrants"); (iii) 600,000 warrants, each exercisable for one share of common stock at an exercise price of $15.00 per share ("$15 Exercise Price Warrants"); (iv) 666,670 warrants, each exercisable for one share of common stock at an exercise price of $12.50 per share ("Merger Warrants"); and (v) 1,000,006 warrants, each exercisable for one share of common stock at an exercise price of $11.50 per share ("Additional Merger Warrants").

The Public Warrants, Sponsor Warrants and $15 Exercise Price Warrants were issued under a warrant agreement dated July 15, 2014, between Continental Stock Transfer & Trust Company, as warrant agent, and us. The Merger Warrants and Additional Merger Warrants were issued to the sellers of LHLLC.

On July 21, 2014, a total of 300,000 Unit Purchase Options (“UPOs”) were issued by 1347 Capital to a representative of the underwriter and its designees. In December 2016, the Company issued 121,173 shares of common stock in connection with the cashless exercise of 282,900 of these UPOs. At March 31, 2017 and December 31, 2016, a total of 17,100 UPOs were outstanding and will be exercisable, either for cash or on a cashless basis, through July 21, 2019.

Note 10 – Cumulative Redeemable Convertible Preferred Stock

The Company’s second amended and restated certificate of incorporation authorizes the issuance of 1,000,000 shares of preferred stock with such designation, rights and preferences as may be determined from time to time by its board of directors. In connection with the Business Combination, the Company issued 400,000 shares of Class A preferred stock (the “Preferred Stock”) on July 20, 2016. Each share of Preferred Stock may be converted (at the holder’s election) into 2.00 shares of the Company’s common stock (as may be adjusted for any stock splits, reverse stock splits or similar transactions), representing a conversion price of $12.50 per share; provided, that such conversion is in compliance with NASDAQ’s listing requirements. The Preferred Stock ranks senior to all classes and series of outstanding capital stock. The Company has agreed to not issue any other shares of capital stock that rank senior or pari passu to the Preferred Stock while the Preferred Stock is outstanding, unless at least 30% of the proceeds from such issuance are used to redeem Preferred Stock. The holders of the Preferred Stock will, in priority to any other class or series of capital stock, be entitled to receive, as and when declared by the board of directors fixed, cumulative, preferential dividends at a rate of: (i) 8% per annum in years one through three from issuance; (ii) 10% per annum in years four through five from issuance; and (iii) 12% per annum thereafter, payable in equal quarterly installments. Dividends on outstanding Preferred Stock will accrue from day to day from the date of issuance of the Preferred Stock. No dividends may be made in excess of the accrued and unpaid preferred yield in respect of the Preferred Stock.

So long as the Preferred Stock is outstanding, the Company is restricted from repurchasing, redeeming or retiring any shares of its capital stock other than the Preferred Stock. In the event of liquidation, dissolution or winding up, the holders of the Preferred Stock will be entitled to receive $25.00 per share of Preferred Stock, plus accrued but unpaid dividends thereon, whether declared or not, before any amount is paid or any assets are distributed to holders of junior capital stock. After payment to the holders of Preferred Stock of the liquidation amounts, such holders shall not be entitled to share in any further distribution payment in respect of the assets of the Company. The Company will redeem all outstanding shares of Preferred Stock on the six-year anniversary from the date of issuance for the price of $25.00 per share of Preferred Stock (as may be adjusted for any stock splits, reverse stock splits or similar transactions), plus accrued but unpaid dividends thereon, whether or not declared, up to and including the date specified for redemption. The holders are not entitled to vote.

Note 11 – Income Taxes

The Company is taxed as a C Corporation. The historical audited financial results and other Predecessor financial information included herein reflect the Predecessor results as a limited liability company, which was taxed as a partnership for federal income tax purposes and not at the entity level. Following the Business Combination, LHLLC was treated as a disregarded entity (i.e., a business entity that is separate from its owner for liability purposes but is the same as its owner for income tax purposes); therefore, the financial results include the effects of federal and state income taxes at the parent level.

For interim periods, the provision for income taxes (including federal, state, local and foreign taxes) is calculated based on the estimated annual effective tax rate and for the three months ended March 31, 2017 (Successor) consists of the following:

(in thousands)		
Current tax provision		
U.S. Federal	$	-
State and local		-
Total current tax provision		-
Deferred tax benefit		
U.S. Federal		(887)
State and local		(196)
Total deferred tax benefit		(1,083)
Provision (benefit) for income taxes	$	(1,083)

No valuation allowance was required as of March 31, 2017 and December 31, 2016.

The Company performed an analysis of its tax positions and determined that no material uncertain tax positions exist. Accordingly, there is no liability for uncertain tax positions as of March 31, 2017 and December 31, 2016. Based on the provisions of ASC 740-10, the Company had no material unrecognized tax benefits as of March 31, 2017.

A reconciliation of the federal statutory income tax rate to the Company's effective tax rate is as follows:

	Successor **For the Three Months Ended March 31, 2017**
Federal statutory income tax rate	34.0%
State income taxes, net of federal tax effect	4.6%
Nondeductible/nontaxable items	4.1%
Effective tax rate	42.7%

Note 12 – Operating Segments

The Company determined its operating segments on the same basis that it assesses performance and makes operating decisions. The Company manages and measures the performance of its business in two distinct operating segments: Construction and Service. These segments are reflective of how the Company's Chief Operating Decision Maker ("CODM") reviews operating results for the purposes of allocating resources and assessing performance. The Company's CODM is comprised of its Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The CODM evaluates performance based on income from operations of the respective segments after the allocation of Corporate office operating expenses. Transactions between segments are eliminated in consolidation. Our Corporate department provides general and administrative support services to our two operating segments. The CODM allocates costs between segments for selling, general and administrative expenses and depreciation expense.

All of the Company's identifiable assets are located in the United States, which is where the Company is domiciled. The Company does not have sales outside the United States. The Company does not identify capital expenditures and total assets, including goodwill, by segment in its internal financial reports due in part to the shared use of a centralized fleet of vehicles and specialized equipment. Interest expense is not allocated to segments because of the corporate management of debt service including interest.

Condensed segment information for the three months ended March 31, 2017 (Successor) and 2016 (Predecessor) is as follows:

	Successor	Predecessor
	2017	2016
(in thousands)		
Statement of Operations Data:		
Revenue:		
Construction	$ 91,465	$ 81,620
Service	23,725	16,199
Total revenue	115,190	97,819
Operating income:		
Construction	1,668	3,341
Service	1,369	531
Corporate	(4,843)	(1,572)
Operating income	$ (1,806)	$ 2,300
Operating income for reportable segments	$ (1,806)	$ 2,300
Less Unallocated amounts:		
Interest expense	454	835
(Gain) loss on sale of property and equipment	37	(4)
Total unallocated amounts	491	831
Total consolidated income (loss) before income taxes	$ (2,297)	$ 1,469
Other Data:		
Depreciation and amortization:		
Construction	978	416
Service	489	151
Corporate	1,179	127
Total other data	$ 2,646	694

Note 13 – Commitments and Contingencies

Leases. Operating leases consist primarily of leases for real property and equipment. The leases frequently include renewal options, escalation clauses, and require the Company to pay certain occupancy expenses. Lease expense was approximately $0.9 million for the three months ended March 31, 2017.

Capital leases consist primarily of leases for vehicles (see Note 8 – Debt). The leases are collateralized by the vehicles and require monthly payments of principal and interest. All leases transfer title at lease end for a nominal cash buyout.

Legal. The Company is continually engaged in administrative proceedings, arbitrations, and litigation with owners, general contractors, suppliers, and other unrelated parties, all arising in the ordinary courses of business. In the opinion of the Company's management, the results of these actions will not have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

Energy Contracts. The Company enters into contracts with certain state agencies in Ohio to acquire, construct, implement, and install energy conservation measures, as described in the contracts. The contracts include guarantees related to yearly energy costs savings by these customers, typically over a ten-year period. To the extent the yearly savings guarantees are unmet, the Company would be required to pay the customer the difference between the amount of energy costs savings guarantee and actual savings realized. The total of those guarantee amounts for each of the years ending December 31, 2017 and 2018 are $0.3 million and $0.2 million, respectively.

Under the terms of these energy contracts, the Company provides a guarantee bond to its customers in the amount of the guaranteed savings. The Company also maintains a Service Maintenance Agreement on most of the contracts so it can ensure proper maintenance of the equipment. On contracts without a Service Maintenance Agreement, the Company has no obligation for the guarantee if the equipment is not properly maintained. From the inception of these contracts in 1997 through March 31, 2017, the Company has not been required to make any material payments for unmet energy savings under any of the contracts.

As a result of the guarantee bonds and its experience with these arrangements, the Company does not expect to incur any material liabilities with respect to the contracts. Accordingly, no liability has been recorded for the contract guarantees.

Surety. The terms of our construction contracts frequently require that we obtain from surety companies, and provide to our customers, payment and performance bonds ("Surety Bonds") as a condition to the award of such contracts. The Surety Bonds secure our payment and performance obligations under such contracts, and we have agreed to indemnify the surety companies for amounts, if any, paid by them in respect of Surety Bonds issued on our behalf. In addition, at the request of labor unions representing certain of our employees, Surety Bonds are sometimes provided to secure obligations for wages and benefits payable to or for such employees. Public sector contracts require Surety Bonds more frequently than private sector contracts, and accordingly, our bonding requirements typically increase as the amount of public sector work increases. As of March 31, 2017, we had approximately $123.1 million in surety bonds outstanding. The Surety Bonds are issued by surety companies in return for premiums, which vary depending on the size and type of bond.

Collective Bargaining Agreements. Many of the Company's craft labor employees are covered by collective bargaining agreements. The agreements require the Company to pay specified wages, provide certain benefits and contribute certain amounts to multi-employer pension plans. If the Company withdraws from any of the multi-employer pension plans or if the plans were to otherwise become underfunded, the Company could incur additional liabilities related to these plans. Although the Company has been informed that some of the multi-employer pension plans to which it contributes have been classified as "critical" status, the Company is not currently aware of any significant liabilities related to this issue.

Note 14 - Self-Insurance

The Company purchases workers' compensation and general liability insurance under policies with per-incident deductibles of $250 thousand and a $3.2 million maximum aggregate deductible loss limit per year.

The components of the self-insurance as of March 31, 2017 and December 31, 2016 are as follows:

	Successor			
(in thousands)	**March 31, 2017**		**December 31, 2016**	
Current liability — workers' compensation and general liability	$	427	$	479
Current liability — medical and dental		468		493
Non-current liability		483		601
Total liability shown in Accrued expenses and other liabilities	$	1,378	$	1,573
Restricted cash	$	113	$	113

The restricted cash balance represents an imprest cash balance set aside for the funding of workers' compensation and general liability insurance claims. This amount is replenished either when depleted or at the beginning of each month.

Note 15 – Backlog

At March 31, 2017 and December 31, 2016, the Company's contractual Construction backlog, which represents the amount of revenue the Company expects to realize from work to be performed on uncompleted construction contracts in progress, was $373.1 million and $390.2 million, respectively. In addition, Service backlog as of March 31, 2017 and December 31, 2016 was $42.9 million and $44.1 million, respectively.

Note 16 – Related-Party Transactions

Predecessor

In 2002, Limbach Management Holding Company, LLC ("LMHC") contributed capital of $4.0 million to LHLLC, of which $1.0 million was evidenced by a note payable to the Company which was included in Members' Equity. The interest rate on the note was 6.0%. The note matured upon the earlier of the date of a change in control (as defined in the note), the date that was one year after the consummation of an initial public offering of the Company, or the date on which there was a dissolution of the Company. If accrued interest was outstanding, interest receivable related to the note was included in other assets. The note, together with accrued interest, totaling $1.0 million, was paid at the consummation of the Business Combination on July 20, 2016.

LHLLC also had a management services agreement with LMHC and an affiliate of another equity member, F*d*G, for LMHC and F*d*G to perform certain advisory and consulting services. In consideration for such services, the Company was charged a quarterly fee of $50 thousand by LMHC and $250 thousand by F*d*G. Under these agreements, the Predecessor incurred related costs totaling $314 thousand for the three months ended March 31, 2016.

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

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties and assumptions that could cause actual results to differ materially from our management's expectations. Factors that could cause such differences are discussed in "Forward-Looking Statements" and "Risk Factors" in this annual report. We assume no obligation to update any of these forward-looking statements.

On July 20, 2016, we completed the Business Combination in which we acquired Limbach Holdings LLC. Following the Business Combination, we changed our name to Limbach Holdings, Inc. The Condensed Consolidated Financial Statements and certain note presentations separate the Company's presentations into two distinct periods, the period up to and including the Business Combination closing date (labeled "Predecessor") and the period after that date (labeled "Successor"), to indicate the application of different bases of accounting between the periods presented. The accompanying Condensed Consolidated Financial Statements include a black line division which indicates that the Predecessor and Successor reporting entities shown are not comparable. The period presented from January 1, 2017 through March 31, 2017 and at December 31, 2016 are the "Successor" periods. The period presented from January 1, 2016 through March 31, 2016 is the "Predecessor" period.

The historical financial information of 1347 Capital prior to the Business Combination (a special purpose acquisition company, or SPAC) has not been reflected in the Predecessor financial statements as these historical amounts have been considered de minimis.

The application of acquisition accounting, pursuant to U.S. Generally Accepted Accounting Principles ("GAAP"), for the Business Combination significantly affected certain assets, liabilities, and expenses. As a result, financial information as of December 31, 2016 and for January 1, 2017 through March 31, 2017 (Successor) may not be comparable to Limbach's Predecessor financial information for January 1, 2016 through March 31, 2016 (Predecessor). Refer to Notes 1 and 4 in the Notes to Condensed Consolidated Financial Statements for additional information on the accounting for the Business Combination.

Calendar Year

We operate on a calendar year ending on December 31 for financial reporting purposes. For calendar year 2017, the Company's Condensed Consolidated Financial Statements reflect January 1, 2017 through March 31, 2017 (Successor) and for calendar year 2016, the Company's Condensed Consolidated Financial Statements reflect January 1, 2016 through March 31, 2016 (Predecessor).

Overview

We are an industry-leading commercial specialty contractor in the areas of HVAC, plumbing, electrical and building controls through design and construction of new and renovated buildings, maintenance services, energy retrofits and equipment upgrades for private customers and federal, state, and local public agencies in Florida, California, Massachusetts, New Jersey, Pennsylvania, Maryland, Washington DC, Virginia, West Virginia, Ohio and Michigan. We operate our business in two segments, (i) Construction, in which we generally manage large construction or renovation projects that involve primarily HVAC, plumbing, sheet metal fabrication and installation, specialty piping and electrical services, and (ii) Service, in which we provide facility maintenance or general construction services primarily related to HVAC, plumbing or electrical services. Our branches and corporate headquarters are located in the United States.

Comparison of select financial data:

(Amounts in thousands, except for percentages)	Successor	Predecessor		
	For the three months ended March 31,		2016 Increase/(Decrease)	
	2017	2016		
	($)	($)	($)	(%)
Revenue	$ 115,190	$ 97,819	$ 17,371	17.8%
Income (loss) before income taxes	(2,297)	1,469	(3,766)	(256.4)%

JOBS Act

We are an "emerging growth company" ("EGC") pursuant to the JOBS Act. The JOBS Act contains provisions that, among other things, reduce certain reporting requirements for qualifying companies. Under the JOBS Act, we will remain an EGC until the earliest of:

- December 31, 2019 (the last day of the fiscal year following the fifth anniversary of our initial public offering of common equity securities);
- the last day of the fiscal year in which we have annual gross revenue of $1.0 billion or more;
- the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; and
- the date on which we are deemed to be a "large accelerated filer," which will occur at such time as the Company has an aggregate worldwide market value of common equity securities held by non-affiliates of $700.0 million or more as of the last business day of our most recently completed second fiscal quarter.

Pursuant to Section 107(b) of the JOBS Act, as an EGC we elected to delay adoption of accounting pronouncements newly issued or revised after April 5, 2012 applicable to public companies until such pronouncements are made applicable to private companies. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies.

Key Components of Condensed Consolidated Statements of Operations

Revenue

We generate revenue principally from fixed-price construction contracts under which we deliver HVAC, plumbing, and electrical construction services to our customers. The duration of our contracts generally range from six months to two years. Revenue from fixed price and modified fixed price contracts are recognized on the percentage-of-completion method, measured by the relationship of total cost incurred to total estimated contract costs (cost-to-cost method). Revenue from time and materials contracts are recognized as services are performed. We believe that our extensive experience in HVAC, plumbing, and electrical projects, and our internal cost review procedures during the bidding process, enable us to reasonably estimate costs and mitigate the risk of cost overruns on fixed price contracts.

We generally invoice customers on a monthly basis, based on a schedule of values that breaks down the contract amount into discrete billing items. Costs and estimated earnings in excess of billings on uncompleted contracts are recorded as an asset until billable under the contract terms, and billings in excess of costs and estimated earnings on uncompleted contracts are recorded as a liability until the related revenue is recognizable.

Cost of Revenue

Cost of revenue primarily consists of the labor, equipment, material, subcontract, and other job costs in connection with fulfilling the terms of our contracts. Labor costs consist of wages plus taxes, fringe benefits, and insurance. Equipment costs consist of the ownership and operating costs of company-owned assets, in addition to outside-rented equipment. If applicable, job costs include estimated contract losses to be incurred in future periods. Due to the varied nature of our services, and the risks associated therewith, contract costs as a percentage of contract revenue have historically fluctuated and we expect this fluctuation to continue in future periods.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of personnel costs for our administrative, estimating, human resources, safety, information technology, legal, finance and accounting employees and executives. Also included are non-personnel costs, such as travel-related expenses, legal and other professional fees and other corporate expenses. We expect to incur incremental costs associated with supporting the growth of our business and to meet the increased compliance requirements associated with our transition to and operation as a public company. Those costs include increases in our accounting, human resources, information technology and legal personnel, additional consulting, legal and audit fees, insurance costs, board of directors' compensation and the costs of ultimately achieving and maintaining compliance with Section 404 of the Sarbanes-Oxley Act.

Depreciation and Amortization

Depreciation and amortization expenses are periodic non-cash charges that consist of depreciation of fixed assets, including leasehold improvements and equipment, and amortization of various intangible assets primarily including leasehold interests, customer relationships, Construction and Service backlogs and definite lived assets.

Impairment of Long-Lived Assets

Limbach reviews long-lived assets such as leasehold improvements, equipment and intangibles on an asset-by-asset basis for impairment whenever events or circumstances indicate the value of the assets may not be recoverable and records an impairment charge if appropriate.

Other Income (Expense), Net

Other income (expense), net consists primarily of interest expense incurred in connection with our debt, along with interest, and miscellaneous income.

Interest Expense

Interest expense consists primarily of interest expense on outstanding debt. Deferred financing costs are recorded at cost and amortized using the effective interest method.

Provision for Income Taxes

Following the Business Combination, Limbach is taxed as a C Corporation. The Limbach (Predecessor) financial information included herein reflect our results as a limited liability company taxed as a partnership for federal income purposes. As a partnership, our profits were not taxed at the entity level. Following the Business Combination, our financial results include the effects of federal income taxes which will be paid at the parent level.

For interim periods, the provision for income taxes (including federal, state, local and foreign taxes) is calculated based on the estimated annual effective tax rate. The Company accounts for income taxes in accordance with ASC 740-10, Income Taxes, which requires the use of the asset and liability method. Under this method, deferred tax assets and liabilities and income or expense is recognized for the expected future tax consequences of temporary differences between the financial statement carrying values and their respective tax bases, using enacted tax rates expected to be applicable in the years in which the temporary differences are expected to reverse. Changes in deferred tax assets and liabilities are recorded in the provision for income taxes.

Surety Bonding

In connection with our business, occasionally we are required to provide various types of surety bonds that provide an additional measure of security to our customers for our performance under certain government and private sector contracts. Our ability to obtain surety bonds depends upon our capitalization, working capital, past performance, management expertise and external factors, including the capacity of the overall surety market. Surety companies consider such factors in light of the amount of our backlog that we have currently bonded and their current underwriting standards, which may change from time-to-time. The bonds we provide typically have face amounts ranging from $2 thousand to $101.0 million. As of March 31, 2017, we had approximately $123.1 million in surety bonds outstanding. We believe that our $600 million bonding capacity provides us with a significant competitive advantage relative to many of our competitors which have limited bonding capacity.

Operating Segments

We manage and measure the performance of our business in two operating segments: Construction and Service. These segments are reflective of how the Company's chief operating decision makers ("CODM") review operating results for the purposes of allocating resources and assessing performance. Our chief operating decision makers are our chief executive officer, chief financial officer and chief operating officer. The CODM evaluates performance and allocate resources based on operating income, which is profit or loss from operations before "other" corporate expenses, income tax provision (benefit) and dividends on redeemable convertible preferred stock, if any.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The CODM evaluates performance based on income from operations of the respective branches after the allocation of corporate office operating expenses. Transactions between segments are eliminated in consolidation. Our corporate department provides selling, general and administrative support services to our two operating segments. We allocate costs between segments for selling, general and administrative expenses and depreciation expense. Some selling, general and administrative expenses such as executive and administrative salaries and payroll expenses, corporate marketing, corporate depreciation and amortization, and consulting, accounting and corporate legal fees are not allocated to segments because the allocation method would be arbitrary and would not provide an accurate presentation of operating results of segments; instead these types of expenses are maintained as a corporate expense. See Note 12 – Operating Segments in the Notes to Condensed Consolidated Financial Statements.

We do not identify capital expenditures and total assets, including goodwill, by segment in our internal financial reports due in part to the shared use of a centralized fleet of vehicles and specialized equipment. Interest expense is not allocated to segments because of the corporate management of debt service including interest.

Comparison of Results of Operations for the three months ended March 31, 2017 (Successor) and March 31, 2016 (Predecessor)

The following table presents operating results for the three months ended March 31, 2017 (Successor) and 2016 (Predecessor) in absolute terms and expressed as a percentage of total revenue, as compared below:

	Successor		Predecessor	
	Three months ended March 31,			
	2017		2016	
(Amounts in thousands except for percentage)	**($)**	**(%)**	**($)**	**(%)**
Statement of Operations Data:				
Revenue:				
Construction	$ 91,465	79.4%	$ 81,620	83.4%
Service	23,725	20.6%	16,199	16.6%
Total revenue	115,190	100.0%	97,819	100.0%
Cost of revenue:				
Construction	82,516	90.2%(1)	72,912	89.3%(1)
Service	18,905	79.7%(2)	12,766	78.8%(2)
Total cost of revenue	101,421	88.0%	85,678	87.6%
Selling, general and administrative:				
Construction	7,281	6.3%	5,367	5.5%
Service	3,451	3.0%	2,902	3.0%
Corporate	3,835	3.3%	1,572	1.6%
Total selling, general and administrative expenses	14,567	12.6%	9,841	10.1%
Amortization of intangibles	1,008	0.9%	-	0.0%
Operating income (loss)	(1,806)	-1.6%	2,300	2.4%
Other expenses:				
Corporate	491	0.4%	831	0.8%
Total other expenses	491	0.4%	831	0.8%
(Loss) income from operations before provision for income taxes	(2,297)	-2.0%	1,469	1.5%
Income tax benefit	1,083	0.9%	-	0.0%
Net (loss) income	(1,214)	-1.1%	1,469	1.5%
Dividends on redeemable convertible preferred stock	238	0.2%	-	0.0%
Net loss attributable to Limbach Holdings, Inc. common stockholders	$ (1,452)	-1.3%		
Net income attributable to Limbach Holdings LLC member unit holders			$ 1,469	1.5%

(1) As a percentage of Construction revenue.

(2) As a percentage of Service revenue.

Comparison of select financial data:

(Amounts in thousands except for percentages)	Successor	Predecessor		
	Three months ended March 31,		Increase/ (Decrease)	
	2017	2016		
	($)	($)	$	%
Revenue:				
Construction	$ 91,465	$ 81,620	$ 9,845	12.1%
Service	23,725	16,199	7,526	46.5%
Total revenue	115,190	97,819	17,371	17.8%
Cost of revenue:				
Construction	82,516	72,912	9,604	13.2%
Service	18,905	12,766	6,139	48.1%
Total cost of revenue	101,421	85,678	15,743	18.4%
Gross Profit:				
Construction	8,949	8,708	241	2.8%
Service	4,820	3,433	1,387	40.4%
Total gross profit	13,769	12,141	1,628	13.4%
Selling, general and administrative expenses:				
Construction	7,281	5,367	1,914	35.7%
Service	3,451	2,902	549	18.9%
Corporate	3,835	1,572	2,263	144.0%
Total selling, general and administrative expenses	14,567	9,841	4,726	48.0%
Amortization of intangibles	1,008	-	1,008	100.0%
Operating income (loss):				
Construction	1,668	3,341	(1,673)	-50.1%
Service	1,369	531	838	157.8%
Corporate	(4,843)	(1,572)	(3,271)	-208.1%
Operating income (loss)	(1,806)	2,300	(4,106)	-178.5%

Revenue

Revenue for the three months ended March 31, 2017 (Successor) increased by $17.4 million compared to the three months ended March 31, 2016 (Predecessor). Construction revenue increased by $9.8 million, or 12.1%, and Service revenue increased by $7.5 million, or 46.5%. The increase in Construction revenue was primarily driven by growth in the Michigan and the Mid-Atlantic regions and partially offset by a decline in the Southern California and New England regions. The $7.5 million increase in Service revenue resulted primarily from the Company's focus over recent years on developing longer term customer relationships and sales of larger service owner-direct projects and contracts. Growth in Michigan, New England, Ohio, Florida, the Mid-Atlantic and Western Pennsylvania caused the overall service revenue increase. Year-to-date maintenance contract revenue was $3.1 million and $2.7 million as of March 31, 2017 and March 31, 2016, respectively, an increase of $374 thousand or 12.1%.

Gross Profit

Our gross profit increased by $1.6 million for the three months ended March 31, 2017 (Successor) compared to the three months ended March 31, 2016 (Predecessor). Construction gross profit increased $0.2 million, or 2.8%. Service gross profit increased $1.4 million, or 40.4%. The total gross profit percentage decreased slightly from 12.4% for the three months ended March 31, 2016 to 12.0% for the same period ended in 2017, mainly driven by project mix. The service segment gross profit decreased from 21.2% for the three months ended March 31, 2016 compared to 20.3% for the three months ended March 31, 2017 because we have grown our owner direct project business. Such growth results in larger projects and more gross profit dollars, but a lower margin percentage as we complete more full service projects for owners.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses for the three months ended March 31, 2017 (Successor) increased by approximately $4.7 million to $14.6 million compared to $9.8 million for the three months ended March 31, 2016 (Predecessor). The Company incurred approximately $2.3 million of additional salary and benefits costs and professional accounting, legal and consulting fees related to public company requirements in the first three months of 2017, coupled with other cost increases at the branches. Specifically, during the first quarter of 2017, we experienced higher salary and benefits costs totaling $839 thousand related to new hires at several branches, and incurred a $242 thousand bad debt charge related to a bankrupt customer. In Florida, we leased new office space to accommodate our growth and incurred additional rent expense totaling $130 thousand during the first quarter of 2017. Selling, general and administrative expenses as a percentage of revenues were 12.6% and 10.1% for the three months ended March 31, 2017 (Successor) and 2016 (Predecessor), respectively.

Amortization of Intangibles

Total amortization expense for the amortizable intangible assets was $1.0 million for the three months ended March 31, 2017 (Successor). There were no intangible assets in the Predecessor period, and accordingly no amortization expense.

Other Expenses

Other expenses, primarily interest expense, were $0.5 million and $0.8 million for the three months ended March 31, 2017 (Successor) and 2016 (Predecessor), respectively. Difference in interest expense year over year is due to $3.8 million less long-term debt and no subordinated debt outstanding at March 31, 2017 compared to March 31, 2016.

Provision for Income Taxes

The Predecessor was a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities or benefits being passed to the members. As part of purchase accounting, the Company was required to record all of Limbach's acquired assets and liabilities at their acquisition date fair value. The Company established deferred tax assets as well as deferred tax liabilities related to various asset classes through the purchase price allocation.

The Company had no current federal and state income tax expense for the three months ended March 31, 2017 (Successor). Deferred income tax benefit totaled $1.1 million for the same period. The Company has a net deferred tax asset of $5.4 million as of March 31, 2017 (Successor). See Note 11 - Income Taxes in the Notes to Condensed Consolidated Financial Statements.

Construction and Service Backlog Information

Our contract backlog consists of the remaining unearned revenue on awarded contracts. Backlog is not a term recognized under GAAP; however, it is a common measurement used in our industry. Once we have successfully negotiated a project and have received written confirmation of the contract being awarded to us, we record the value of the contract as backlog. Consequently, contract backlog is also an important factor we use to monitor our business. The duration of our contracts vary significantly from months to years and our backlog is subject to increases as projects are added. Our backlog does not necessarily represent the amount of work that we are currently negotiating or pursuing at any given time. It is also subject to change as contract backlog can increase or decrease due to contract change orders.

Given the multi-year duration of many of our contracts, backlog revenue is expected to be earned over a period that will extend one year. Many of our contracts contain provisions that allow the contract to be canceled at any time; however, if this occurs, we can generally recover costs incurred up to the date of cancellation.

Construction backlog at March 31, 2017 (Successor) was \$373.1 million compared to \$390.2 million at December 31, 2016 (Successor). The decrease in backlog at March 31, 2017 compared to backlog at December 31, 2016 was due to a delay in awarding the construction portion of Design build/Design assist contracts that are in backlog for only the engineering value of the projects. Of the backlog at March 31, 2017, we expect to recognize approximately \$283.9 million by the end of 2017. In addition, Service backlog as of March 31, 2017 (Successor) was \$42.9 million compared to \$44.1 million at December 31, 2016 (Successor).

Upon the closing of the Business Combination, the Company recognized intangible assets for the fair value of both Construction and Service backlogs. See Note 4 – Business Combination in the Notes to Condensed Consolidated Financial Statements.

Seasonality, Cyclicality and Quarterly Trends

Severe weather can impact our operations. In the northern climates where we operate, and to a lesser extent the southern climates as well, severe winters can slow our productivity on construction projects, which shifts revenue and gross profit recognition to a later period. Our maintenance operations may also be impacted by mild or severe weather. Mild weather tends to reduce demand for our maintenance services, whereas severe weather may increase the demand for our maintenance and spot services. Our operations also experience mild cyclicality, as building owners typically work through maintenance and capital projects at an increased level during the third and fourth calendar quarters of each year.

Effect of Inflation

The prices of products such as steel, pipe, copper and equipment from manufacturers are subject to fluctuation. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our results of operations and financial condition have been immaterial. When appropriate, we include cost escalation factors into our bids and proposals. In addition, we are often able to mitigate the impact of future price increases by entering into fixed price purchase orders for materials and equipment and subcontracts on our projects.

Liquidity and Capital Resources

Summary of Cash Flows

Our liquidity needs relate primarily to the provision of working capital (defined as current assets less current liabilities) to support operations, funding of capital expenditures, and investment in strategic opportunities. Historically, liquidity has been provided by operating activities and borrowing from commercial banks and institutional lenders.

Billing and collections on both construction and service projects are increasing on a monthly basis and management expects this operating cash flow trend will continue to improve as these projects mature, cash is collected, and profits increase. Management further expects that high volumes of service work, which is less sensitive to the cash flow issues presented by large construction projects, will further continue to positively impact our cash flow trends.

We believe our current cash and cash equivalents of \$6.3 million as of March 31, 2017, cash to be received from existing and new customers, and availability of borrowing under a revolving line of credit under our Credit Agreement (pursuant to which we had \$14.8 million of availability as of March 31, 2017) will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months. The elimination of the subordinated debt and accompanying interest expense will improve cash flow. Additionally, we expect that certain non-cash items, including certain deferred tax assets resulting from accumulated net operating losses generated by the Company prior to the Business Combination, certain permanent book-tax differences originating in the ordinary course of business, and certain additional temporary differences between book and tax basis resulting from the Business Combination will mitigate our cash outflow until such items are completely utilized, and therefore add to liquidity in the near term.

The following table reflects our available funding capacity as of March 31, 2017:

(in thousands)		
Cash & cash equivalents		$ 6,291
Credit agreement:		
Revolving credit facility	$ 25,000	
Term loan	21,750	
State of Ohio	13	
	46,763	
Outstanding borrowings	(27,763)	
Issued letters of credit	(4,240)	
Net credit agreement capacity available		14,760
Total available funding capacity		$ 21,051

Our cash flows are primarily impacted from period to period by fluctuations in working capital. Factors such as our contract mix, commercial terms, days sales outstanding ("DSO") and delays in the start of projects may impact our working capital. In line with industry practice, we accumulate costs during a given month then bill those costs in the current month for many of our contracts. While labor costs associated with these contracts are paid weekly and salary costs associated with the contracts are paid bi-weekly, certain subcontractor costs are generally not paid until we receive payment from our customers (contractual "pay-if-paid" terms). We have not historically experienced a large volume of write-offs related to our receivables and our unbilled revenue on contracts in progress. We regularly assess our receivables and costs in excess of billings for collectability and provide allowances for doubtful accounts where appropriate. We believe that our reserves for doubtful accounts are appropriate as of March 31, 2017, but adverse changes in the economic environment may impact certain of our customers' ability to access capital and compensate us for our services, as well as impact project activity for the foreseeable future.

The following table represents our summarized working capital information:

	Successor	
	As of	
(in thousands, except ratios)	**March 31, 2017**	**December 31, 2016**
Current assets	$ 148,043	$ 155,183
Current liabilities	(115,015)	(126,729)
Net working capital	$ 33,028	$ 28,454
Current ratio*	1.29	1.22

* Current ratio is calculated by dividing current assets by current liabilities.

The following table presents summary cash flow information for the periods indicated:

	Successor	**Predecessor**
	For the three months ended March 31,	
(in thousands)	**2017**	**2016**
Net cash provided by (used in)		
Operating activities	$ (4,727)	$ (7,011)
Investing activities	(623)	(742)
Financing activities	4,235	1,667
Net decrease in cash and cash equivalents	$ (1,115)	$ (6,086)
Property and equipment financed with capital leases	$ 393	$ 500
Insurance financed premium	2,135	-
Interest paid	409	119

Cash Flows Used in Operating Activities

Cash flows used in operating activities were $4.7 million for the three months ended March 31, 2017 (Successor) as compared to $7.0 million for the three months ended March 31, 2016 (Predecessor). For the three months ended March 31, 2017, the key drivers of the improvement in cash used in operating activities were a $6.2 million decrease in net receivables, as offset by a decrease in billings in excess of costs and estimated earnings on uncompleted contracts, or overbillings, of $5.1 million. The decrease in overbillings was primarily due to new construction projects with underbilled balances, each of which had no prior balance, offset by several overbilled projects, some of which had no prior balance. Additionally, accrued expenses and other liabilities decreased by $5.0 million, due primarily to a $4.3 million decrease in the bonus and commission accrual resulting from 2016 bonus payments made during the first quarter of 2017 and a decrease of $0.8 million in accrued job costs offset by a $0.4 million increase in accrued payroll and related liabilities due to increased personnel costs.

During the quarter ended March 31, 2016, we used cash and cash equivalents of $7.0 million for operating activities. We experienced an increase in receivables of $6 million, a decrease in trade payables of $4.9 million and an increase in overbillings of $5.3 million. Accrued expenses decreased $2.7 million and costs and estimated earnings in excess of billings on uncompleted contracts increased $1.5 million. The increase in receivables was due to additional business volume. The increase in costs and estimated earnings in excess of billings on uncompleted contracts was due to two large guaranteed maximum price projects that require monthly billing to cut off one week before month end. The early cutoff relating to these projects resulted in costs being incurred during the last week of the month that are not billed until the following month, as well as a corresponding increase in unbilled service costs. The decrease in accrued expenses is primarily the result of payment of $3 million in incentive compensation expense for the prior year. Trade payables decreased due to payment of invoices on new projects and the completion of projects from 2015.

Non-cash charges for depreciation and amortization increased by $1.9 million to $2.6 million for the three months ended March 31, 2017 from $0.7 million for the same period ended March 31, 2016 due primarily to the amortization of intangible assets acquired as part of the acquisition of LHLLC beginning in the third quarter of 2016.

Cash Flows Used in Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2017 (Successor) and 2016 (Predecessor) were $0.6 million and $0.7 million, respectively, were primarily for capital additions. The majority of our 2017 and 2016 capital additions pertain to additional vehicles, tools and equipment, computer software and hardware purchases, office furniture and office related leasehold improvements. We also obtained the use of various assets through operating and capital leases, which reduced the level of capital expenditures that would have otherwise been necessary to operate our business.

Cash Flows Provided by Financing Activities

Cash flows provided by financing activities were $4.2 million and $1.7 million for the three months ended March 31, 2017 (Successor) and March 31, 2016 (Predecessor), respectively. For the three months ended March 31, 2017 (Successor), we received proceeds from the Credit Agreement revolving facility of $13.0 million, offset by $7.0 million in repayments, $0.8 million of term loan repayments and capital lease payments of $0.4 million.

For the three months ended March 31, 2016 (Predecessor), we received proceeds from the revolving credit facility in our financial activities of $23.5 million offset by revolving credit facility payments of $21.0 million, term loan payments of $0.5 million and capital lease payments of $0.3 million.

Our future capital requirements will depend on many factors, including revenue growth and costs incurred to support it, and increased selling, general and administrative expenses to support the anticipated growth in our operations and regulatory requirements as a new public company. Our capital expenditures in future periods are expected to grow in line with our business. To the extent that existing cash and cash from operations are not sufficient to fund our future operations, we may need to raise additional funds through public or private equity or additional debt financing. Although we currently are not a party to any agreement with any third parties with respect to potential investments in, or acquisitions of, businesses, we may enter into these types of arrangements in the future, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

Debt and Other Obligations

In January 2016 we amended our prior credit facility, resulting in a $35.0 million line of credit with a commercial bank, which contained variable interest at one-month LIBOR plus 2.75%, and was due to expire May 2018. This line of credit was refinanced in connection with the Business Combination as disclosed below. The line of credit was subject to certain financial covenants.

On July 20, 2016 in connection with the Business Combination, a subsidiary of the Company, Limbach Facility Services, LLC ("LFS"), refinanced its existing debt by entering into the Credit Agreement and Subordinated Loan Agreement, and incurred lender and third party costs which were all capitalized on our balance sheet. The refinancing qualified as debt extinguishment under GAAP. The Credit Agreement provides for a $25.0 million line of credit and a $24.0 million term loan with a consortium of four commercial banks. The loans have a variable interest rate based on one-month LIBOR and expire in July 2021. The loans are subject to certain financial covenants. Also on July 20, 2016, LFS entered into the Subordinated Loan Agreement, which provided for a $13.0 million subordinated note at 16.0% interest with 13.0% interest paid in cash and the option to pay the additional 3.0% interest in cash or allow it to accrue into the note balance, as payment in kind. The subordinated loan was set to mature in July 2022. On December 21, 2016, the Company repaid all amounts outstanding under the Subordinated Loan Agreement, including deferred interest and prepayment penalties, totaling $15.3 million to Alcentra in full settlement of the Subordinated Loan Agreement using the proceeds from the sale of 1,405,500 shares of its common stock at an offering price of $13.50 per share.

During the three months ended March 31, 2017, the Company drew down $6.0 million on its revolving credit facility. As of March 31, 2017, there was $14.8 million of available capacity under the line of credit and $21.8 million outstanding under the term loan provided by the Credit Agreement. In January 2017, the Company obtained an additional irrevocable letter of credit, set to expire in January 2018, in the amount of $850 thousand for its self-insurance program. At March 31, 2017, the Company had total irrevocable letters of credit in the amount of $4.2 million under its self-insurance program as compared to $3.4 million at December 31, 2016. As of March 31, 2017 and December 31, 2016, we were in compliance with all the financial and other covenants related to the Credit Agreement.

Income Taxes

The Predecessor was a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities or benefits being passed to the members. As part of purchase accounting, the Company was required to record all of Limbach's acquired assets and liabilities at their acquisition date fair value. The Company established deferred tax assets as well as deferred tax liabilities related to indefinite-lived intangibles through the purchase price allocation. The Company had no current federal and state income tax expense for the three months ended March 31, 2017 (Successor). Deferred income tax benefit totaled $1.1 million for the same period. The Company has a net deferred tax asset of $5.4 million as of March 31, 2017 (Successor).

Insurance and Self-Insurance

We purchase workers' compensation and general liability insurance under policies with per-incident deductibles of $250,000 per occurrence. Losses incurred over primary policy limits are covered by umbrella and excess policies up to specified limits with multiple excess insurers. We accrue for the unfunded portion of costs for both reported claims and claims incurred but not reported. The liability for unfunded reported claims and future claims is reflected on the consolidated balance sheets as current and non-current liabilities. The liability is determined by determining a reserve for each reported claim on a case-by-case basis based on the nature of the claim and historical loss experience for similar claims plus an allowance for the cost of incurred but not reported claims. The current portion of the liability is included in accrued expenses and other current liabilities on the Consolidated Balance Sheet. The non-current portion of the liability is included in other long-term liabilities on the Consolidated Balance Sheet.

We are self-insured related to medical and dental claims under policies with annual per-claimant and annual aggregate stop-loss limits. We accrue for the unfunded portion of costs for both reported claims and claims incurred but not reported. The liability for unfunded reported claims and future claims is reflected on the Condensed Consolidated Balance Sheets as a current liability in accrued expenses and other current liabilities.

The components of the self-insurance are reflected below as of March 31, 2017 and December 31, 2016:

	Successor	
(in thousands)	As of March 31, 2017	As of December 31, 2016
Current liability – workers' compensation and general liability	$ 427	$ 479
Current liability – medical and dental	468	493
Non-current liability	483	601
Total liability	$ 1,378	$ 1,573
Restricted cash	$ 113	$ 113

The restricted cash balance represents cash set aside for the funding of workers' compensation and general liability insurance claims. This amount is replenished when depleted, or at the beginning of each month.

Multiemployer Plans

We participate in approximately 50 multiemployer pension plans ("MEPPs") that provide retirement benefits to certain union employees in accordance with various collective bargaining agreements ("CBAs"). As one of many participating employers in these MEPPs, we are responsible with the other participating employers for any plan underfunding. Our contributions to a particular MEPP are established by the applicable CBAs; however, required contributions may increase based on the funded status of an MEPP and legal requirements of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status. Factors that could impact funded status of an MEPP include, without limitation, investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions and the utilization of extended amortization provisions. Assets contributed to the MEPPs by us may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to an MEPP, the unfunded obligations of the MEPP may be borne by the remaining participating employers.

An FIP or RP requires a particular MEPP to adopt measures to correct its underfunding status. These measures may include, but are not limited to an increase in a company's contribution rate as a signatory to the applicable CBA, or changes to the benefits paid to retirees. In addition, the PPA requires that a 5.0% surcharge be levied on employer contributions for the first year commencing shortly after the date the employer receives notice that the MEPP is in critical status and a 10.0% surcharge on each succeeding year until a CBA is in place with terms and conditions consistent with the RP.

We could also be obligated to make payments to MEPPs if we either cease to have an obligation to contribute to the MEPP or significantly reduce our contributions to the MEPP because we reduce the number of employees who are covered by the relevant MEPP for various reasons, including, but not limited to, layoffs or closure of a subsidiary assuming the MEPP has unfunded vested benefits. The amount of such payments (known as a complete or partial withdrawal liability) would equal our proportionate share of the MEPPs' unfunded vested benefits. We believe that certain of the MEPPs in which we participate may have unfunded vested benefits. Due to uncertainty regarding future factors that could trigger withdrawal liability, we are unable to determine (a) the amount and timing of any future withdrawal liability, if any, and (b) whether our participation in these MEPPs could have a material adverse impact on our financial condition, results of operations or liquidity.

Related-Party Transactions

Predecessor

The Company also had a management services agreement with LMHC and an affiliate of another equity member, F*d*G Associates LLC ("F*d*G"), for LMHC and F*d*G to perform certain advisory and consulting services. In consideration for such services, the Company was charged a quarterly fee of $50 thousand by LMHC and $250 thousand by F*d*G. Total management fees were $314 thousand for the three months ended March 31, 2016 (Predecessor). The LMHC and F*d*G management services agreements were both terminated upon consummation of the Business Combination.

Recent Accounting Pronouncements

We review new accounting standards to determine the expected financial impact, if any, that the adoption of such standards will have. See Note 3 - Accounting Standards in the Notes to Condensed Consolidated Financial Statements for further information regarding new accounting standards, including the anticipated dates of adoption and the effects on our consolidated financial position, results of operations or liquidity.

Significant Accounting Policies and Significant Estimates

Our Condensed Consolidated Financial Statements are based on the application of significant accounting policies, which require management to make significant estimates and assumptions. Our significant accounting policies are described in Note 2 – Summary of Significant Accounting Policies of the notes to consolidated financial statements included in Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2016. We believe that some of our more critical judgment areas in the application of accounting policies that affect our financial condition and results of operations are the impact of changes in the estimates and judgments pertaining to: (a) revenue recognition from (i) long-term construction contracts for which the percentage-of-completion method of accounting is used and (ii) service contracts; (b) collectability or valuation of accounts receivable; (c) costs and earnings in excess of billings and billings in excess of costs and earnings; (d) property and equipment; (e) fair value measurements; (f) stock based compensation; (g) impairment of both definite and indefinite- lived intangibles; (h) long-lived assets; (i) insurance reserves; (j) tax valuation allowance; (k) accounting for the business combination and (l) joint ventures.

Revenue and Cost Recognition

We believe our most significant accounting policy is revenue recognition from long-term construction contracts for which we use the percentage-of-completion method of accounting. Percentage-of-completion accounting is the prescribed method of accounting for long-term contracts in accordance with Accounting Standard Codification ("ASC") Topic 605-35, "Revenue Recognition – Construction-Type and Production-Type Contracts", and, accordingly, is the method used for revenue recognition within our industry. Revenue from fixed price and modified fixed price contracts are recognized on the percentage-of-completion method, measured by the relationship of total cost incurred to total estimated contract costs (cost-to-cost method). Revenue from time and materials contracts are recognized as services are performed.

Contract costs include direct labor, material, and subcontractor costs, and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, depreciation, and insurance. Selling, general, and administrative costs are charged to expense as incurred. Bidding and proposal costs are also recognized as an expense in the period in which such amounts are incurred. Total estimated contract costs are based upon management's current estimate of total costs at completion. As changes in estimates of contract costs at completion and/or estimated total losses on projects are identified, appropriate earnings adjustments are recorded during the period that the change or loss is identified. Contract revenue for long-term construction contracts is based upon management's estimate of contract prices at completion, including revenue for additional work on which contract pricing has not been finalized. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to estimated costs and income, and are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are recognized in the period in which such losses are determined.

In addition to revenue recognition for long-term construction contracts, the Company recognizes revenue from service contracts as these services are performed. There are two basic types of service contracts: fixed price service contracts which are signed in advance for maintenance, repair, and retrofit work over a period, typically of one year, and service contracts not signed in advance for similar maintenance, repair, and retrofit work on an as-needed basis. Fixed price service contracts are generally performed evenly over the contract period, and accordingly, revenue is recognized on a pro rata basis over the life of the contract. Revenue derived from other service contracts are recognized when the services are performed. Expenses related to all service contracts are recognized as services are provided.

Costs and estimated earnings in excess of billings on uncompleted contracts reflected in the condensed consolidated balance sheets arise when revenue has been recognized but the amounts have not been billed under the terms of the contracts. Also included in Costs and estimated earnings on uncompleted contracts are amounts the Company seeks or will seek to collect from customers or others for errors or changes in contract specifications or design, contract change orders in dispute or unapproved as to scope and price, or other customer-related causes of unanticipated additional contract costs (claims and unapproved change orders). Such amounts are recorded at estimated net realizable value when realization is probable and can be reasonably estimated. No profit is recognized on the construction costs incurred in connection with claim amounts. Claims and unapproved change orders made by the Company may involve negotiation and, in rare cases, litigation. Unapproved change orders and claims also involve the use of estimates, and it is reasonably possible that revisions to the estimated recoverable amounts of recorded claims and unapproved change orders may be made in the near term. Claims against the Company are recognized when a loss is considered probable and amounts are reasonably determinable. Billings in excess of costs and estimated earnings on uncompleted contracts represent billings in excess of revenue recognized.

In accordance with industry practice, we classify as current all assets and liabilities relating to the performance of long-term contracts. The term of our contracts generally ranges from one month to three years and, accordingly, collection or payment of amounts relating to these contracts may extend beyond one year.

Costs and Earnings in Excess of Billings and Billings in Excess of Costs and Earnings

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents revenue earned and recognized in advance of billings. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in advance of revenue recognized. These amounts will generally be billable or recognizable, as applicable, in the next twelve months. We generally consider collection risk to be low. When events or conditions indicate that the amounts outstanding may become uncollectible, an allowance is estimated and recorded.

Accounts Receivable

Accounts receivable include amounts billed to customers under retention provisions in construction contracts. Such provisions are standard in the Company's industry and usually allow for a small portion of progress billings or the contract price, typically 10%, to be withheld by the customer until after the Company has completed work on the project. Based on the Company's experience with similar contracts in recent years, billings for such retention balances at each balance sheet date are finalized and collected after project completion.

The carrying value of the receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. Management provides for probable uncollectible accounts through a charge to earnings and a credit to the valuation account based on its assessment of the current status of individual accounts, type of service performed, and current economic conditions. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and an adjustment of the account receivable.

Property and Equipment

Property and equipment, including purchases financed through capital leases, are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, which for buildings and leasehold improvements is 5 to 40 years and for machinery and equipment is 1 to 10 years. Expenditures for maintenance and repairs are expensed as incurred. Leasehold improvements for operating leases are amortized over the lesser of the term of the related lease or the estimated useful lives of the improvements.

Fair Value Measurements

Accounting guidance defines fair value as the exit price associated with the sale of an asset or transfer of a liability in an orderly transaction between market participants at the measurement date. Under this guidance, valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, this guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 — inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

- Level 3 — significant unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The Company's consolidated financial instruments are comprised of cash and cash equivalents, restricted cash, trade accounts receivable and accounts payable which approximate fair value primarily due to their short-term maturities and low risk of counterparty default. The Company determined the fair value of its senior credit facility term loan at $21.8 million and the revolver at $6.0 million as of March 31, 2017. Such fair value is determined using discounted estimated future cash flows using level 3 inputs.

Successor

The Company believes that the carrying amounts of its financial instruments, including cash and cash equivalents, trade accounts receivable, accounts payable and amounts drawn under the revolving portion of the new senior credit facility consist primarily of instruments without extended maturities, which approximate fair value primarily due to their short-term maturities and low risk of counterparty default. We also believe that the carrying value of the term portion of the new senior credit facility approximates its fair value due to the variable rate on such debt.

Stock Based Compensation

Predecessor

The Company measured future compensation expense for all stock options and warrants based on the fair value of the awards at the grant date using the Black-Scholes option pricing model. The Company's Predecessor stock options could only be exercised with a change in control of the Company, consummation of an initial public offering, or dissolution of the Company, as defined by the agreement. In conjunction with the Business Combination on July 20, 2016, the Predecessor options were exercised in a cashless exercise and compensation expense for all outstanding options was recorded in the predecessor period from January 1, 2016 to July 19, 2016.

Successor

Upon approval of the Business Combination, the Company adopted the Limbach Holdings, Inc. 2016 Omnibus Incentive Plan (the "2016 Plan"). Certain employees, directors and consultants will be eligible to be granted awards under the 2016 Plan, other than incentive stock options, which may be granted only to employees. Successor has reserved 800,000 shares of the Company's common stock for issuance under the 2016 Plan. The number of shares issued or reserved pursuant to the 2016 Plan will be adjusted by the plan administrator, as they deem appropriate and equitable, as a result of stock splits, stock dividends, and similar changes in the Company's common stock. In connection with the grant of an award, the plan administrator may provide for the treatment of such award in the event of a change in control. At March 31, 2017, no stock-based awards have been granted under the 2016 Plan.

Intangible Assets and Impairment

We review intangible assets with indefinite lives not subject to amortization for impairment each year, or more frequently when events or significant changes in circumstances indicate that the carrying value may not be recoverable.

We also review intangible assets with definite lives subject to amortization whenever events or circumstances indicate that a carrying amount of an asset may not be recoverable. Intangible assets with definite lives subject to amortization are amortized on a straight-line basis with estimated useful lives ranging from 1 to 9 years. Events or circumstances that might require impairment testing include the identification of other impaired assets within a reporting unit, loss of key personnel, the disposition of a significant portion of a reporting unit, a significant decline in stock price or a significant adverse change in business climate or regulations.

Long-Lived Assets

We evaluate the carrying value of long-lived assets whenever events or changes in circumstances indicate that a potential impairment has occurred. A potential impairment has occurred if the projected future undiscounted cash flows are less than the carrying value of the assets. The estimate of cash flows includes management's assumptions of cash inflows and outflows directly resulting from the use of the asset in operations. When a potential impairment has occurred, an impairment charge is recorded if the carrying value of the long-lived asset exceeds its fair value. Fair value is measured based on a projected discounted cash flow model using a discount rate we feel is commensurate with the risk inherent in our business. Our impairment analysis contains estimates due to the inherently judgmental nature of forecasting long-term estimated cash flows and determining the ultimate useful lives of assets. Actual results may differ, which could materially impact our impairment assessment.

Joint Ventures

The Company accounts for its participation in certain special purpose, project specific joint ventures under the equity method of accounting. The Company's entry into these joint ventures is for the purpose of bidding, negotiating and completing specific projects. The Company and its joint venture partner(s) separately enter into their own sub-contracts with the joint venture for each party's respective portion of the work. All revenue and expenses and the related contract assets and liabilities related to Limbach's sub-contract are recorded within the Company's statement of operations and balance sheet, similarly to any other construction project. The joint venture itself does not accumulate any profits or losses, as the joint venture revenue are equal to the sub-contracts it issues to the joint venture partners. The voting power and management of the joint ventures is shared by all joint venture partners, qualifying these entities for joint venture treatment under GAAP. The shared voting power and management responsibilities allow the Company to exercise significant influence without controlling the joint venture entity. As such, the Company applies the equity method of accounting as defined in ASC 323.

Contractual Obligations

The following table represents the Company's contractual commitments (which include expected interest expense, calculated based on current interest rates) to make future payments pursuant to debt and other obligations disclosed above and pursuant to operating leases outstanding as of March 31, 2017:

	Payments Due by Period				
(Amounts in thousands)	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Operating leases	$ 10,336	$ 2,729	$ 3,924	$ 1,799	$ 1,884
Capital leases and deemed landlord financing	3,708	1,432	1,929	347	-
Long-term debt	27,763	3,013	7,050	17,700	-
Insurance premium financing	1,544	1,544	-	-	-
Interest on long-term debt (1)	3,163	1,002	1,535	626	-
Purchase commitments (2)	130,661	116,651	14,010	-	-
Total	$ 177,175	$ 126,371	$ 28,448	$ 20,472	$ 1,884

(1) Interest on long-term debt includes projected interest due on the outstanding term loan debt at an interest rate of 4.77%, 6.75% on the revolving credit facility and a 0.50% unused commitment fee on the unused balance of the revolver.

(2) Purchase commitments represent open purchase orders for material and subcontracting costs related to construction and service contracts. These purchase orders are not reflected in the Company's Condensed Consolidated Balance Sheets and should not impact future cash flows, as amounts should be recovered through customer billings.

Certain lease agreements contain escalation provisions which could impact the future minimum payments presented above. The costs related to leases with an initial term of less than one year have been reflected in rent expense but have been excluded from the future minimum payments presented above.

Off-Balance Sheet and Other Arrangements

We did not have any relationships with any entities or financial partnerships, such as structured finance or special purpose entities established for the purpose of facilitating off-balance sheet arrangements or other purposes.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"). Disclosure controls and procedures means controls and other procedures of a company that 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. Disclosure controls and procedures include, without limitation, controls and procedures 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 accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. 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.

Based on the evaluation of our disclosure controls and procedures, as of March 31, 2017, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective due to two material weaknesses (as defined in SEC Rule 12b-2) in our internal control over financial reporting, as further described below.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Evaluation of Disclosure Controls and Procedures

Based upon this assessment, management determined that, as of March 31, 2017, we had the following material weaknesses:

- We have not yet fully developed the required accounting and financial reporting control environment to achieve sufficient precision and timeliness of review. We have not established access review controls for employees who post journal entries to ensure that access is required for their job responsibilities. The infrastructure of the accounting department, including the complement of personnel, is not sufficient to account for complex or infrequent transactions, such as business combinations, preferred stock, warrants and convertible debt, to review the work of third-party consultants, material agreements, and journal entries and medical claims incurred but not reported and underlying support with the necessary level of precision in management review controls, or to fully handle SEC reporting requirements. Limitations with our current financial close processes and supporting systems adversely impact our ability to generate financial statements that are free of material misstatement on a timely basis.

- We have not yet established processes and internal controls sufficient to properly accrue for all goods and services received at project sites, but not invoiced to the Company on a timely basis.

Because our financial statements are dependent on the effectiveness of these controls, these deficiencies can result in the increased chance of fraud occurring and not being detected or the increased likelihood of a material error in our financial statements.

Management's Remediation Plans

In light of our material weaknesses in internal control over financial reporting, we retained consulting firms with technical expertise in accounting and SEC reporting matters to support the preparation of our financial statements, assist us in determining the costs to accrue and associated revenues to record, and perform additional analysis to ensure that our financial statements are prepared in accordance with GAAP. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations, changes in stockholders' equity and cash flows for the periods presented.

In addition, we have taken other steps to remediate our material weaknesses. We have hired additional personnel with relevant accounting experience, skills and knowledge. We have reviewed and continue to review our finance and accounting functions to evaluate whether we have a sufficient number of appropriately trained and experienced personnel and plan to add new personnel as we deem necessary. We continue to review and improve processes and internal controls at our branch locations and train personnel to improve our accrual procedures associated with project costs and selling, general & administrative expenses. With assistance from consulting firms, we have implemented enhancements to our disclosure controls and procedures including the establishment of a Disclosure Committee. We also continue to develop and refine our comprehensive assessment, documentation and testing of our internal control over financial reporting pursuant to management's assertion requirements under section 404(a) of the Sarbanes Oxley Act.

As we continue to work to improve our internal control over financial reporting and remediate our material weaknesses, management will take additional measures, as deemed appropriate, to improve and strengthen our remediation plans.

Changes in Internal Control over Financial Reporting

Except with respect to certain enhancements discussed immediately above under Management's Remediation Plans, there has been no change in our internal control over financial reporting during the three months ended March 31, 2017 that has materially affected, or its reasonably likely to materially affect, our internal control over financial reporting.

Part II

Item 1. Legal Proceedings

On May 10, 2016, Robert Garfield, on behalf of himself and all other similarly situated public holders of Company's common stock, filed a Verified Class Action and Derivative Complaint (the "Complaint") against the Company, Gordon G. Pratt, Hassan R. Baqar, Larry G. Swets, Jr., John T. Fitzgerald, Joshua Horowitz, Leo Christopher Saenger III, and Thomas D. Sargent (the "Defendants") in the Circuit Court of Du Page County, Illinois. In his Complaint, Mr. Garfield alleges that (1) the Defendants' efforts to consummate the Business Combination are "ultra vires" acts in violation of the Company's amended and restated certificate of incorporation (the "Charter") because the Charter required Company to liquidate if it had not entered into a letter of intent or definitive agreement to consummate an initial business combination by January 21, 2016, and the letter of intent with Limbach was not entered into until January 29, 2016, (2) the Defendants breached their fiduciary duties to the stockholders in negotiating and approving the merger because, among other things, they had conflicts of interest resulting from their ownership of insider shares, and (3) the Defendants filed a proxy statement that was incomplete and misleading because, among other things, the proxy statement does not disclose certain conflicts of interest and the violation of Company's Charter. The Complaint therefore seeks (a) a determination that the action is a proper class action and that Mr. Garfield is a proper class representative; (b) a determination that the action is a proper derivative action; (c) a declaration that the Company's directors breached their fiduciary duties; (d) a declaration that the merger agreement is void because it is ultra vires; (e) injunctive relief rescinding the merger; (f) compensatory and/or rescissory damages; and (g) an award of costs and attorney's fees. The Defendants are vigorously defending this lawsuit and believe that the Complaint is without merit because, among other things, the Company entered into a letter of intent prior to January 21, 2016 with a potential target for a business combination (other than Limbach) which the Company was unable to consummate, thereby extending its deadline for completing a business combination to July 21, 2016, the Defendants did not breach their fiduciary duties, and the proxy statement is not incomplete and misleading.

Item 1A. Risk Factors

There have been no material changes to our risk factors previously disclosed in Part I, Item 1A of our 2016 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The Exhibit Index following the signature page hereto is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements 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.

LIMBACH HOLDINGS, INC.

/s/ Charles A. Bacon, III
Charles A. Bacon, III

/s/ John T. Jordan, Jr.
John T. Jordan, Jr.

Date: May 15, 2017

Exhibits Index

Exhibit	Description
31.1	Certification of the Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302
CERTIFICATION OF CEO

I, Charles A. Bacon, III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of Limbach Holdings, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Charles A. Bacon, III
Charles A. Bacon, III
Chief Executive Officer

Date: May 15, 2017

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302
CERTIFICATION OF CFO

I, John T. Jordan, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of Limbach Holdings, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John T. Jordan, Jr.
John T. Jordan, Jr.
Chief Financial Officer

Date: May 15, 2017

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Limbach Holdings, Inc. (the “Company”) for the quarter ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Charles A. Bacon, III, the Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m(a) or 78o(d)); and

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

Date: May 15, 2017
By /s/ Charles A. Bacon, III
Charles A. Bacon, III, Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Limbach Holdings, Inc. (the "Company") for the quarter ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned John T. Jordan, Jr., the Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m(a) or 78o(d)); and

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

Date: May 15, 2017
By /s/ John T. Jordan, Jr.
John T. Jordan, Jr., Chief Financial Officer
(Principal Financial Officer)