

STONEMOR PARTNERS LP
Form 10-Q
August 07, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013

or

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

For the transition period from _____ to _____.

Commission File Number: 001-32270

STONEMOR PARTNERS L.P.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

80-0103159
(I.R.S. Employer
Identification No.)

311 Veterans Highway, Suite B

Levittown, Pennsylvania
(Address of principal executive offices)

19056
(Zip Code)

(215) 826-2800

(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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of the registrant's outstanding common units at July 31, 2013 was 21,350,236.

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	June 30, 2013	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,075	\$ 7,946
Accounts receivable, net of allowance	54,396	51,895
Prepaid expenses	5,565	3,832
Other current assets	18,679	17,418
Total current assets	92,715	81,091
Long-term accounts receivable, net of allowance	77,297	71,521
Cemetery property	312,506	309,980
Property and equipment, net of accumulated depreciation	84,793	79,740
Merchandise trusts, restricted, at fair value	414,382	375,973
Perpetual care trusts, restricted, at fair value	302,773	282,313
Deferred financing costs, net of accumulated amortization	8,865	9,238
Deferred selling and obtaining costs	82,501	76,317
Deferred tax assets	381	381
Goodwill	47,570	42,392
Other assets	11,849	14,779
Total assets	\$ 1,435,632	\$ 1,343,725
Liabilities and partners capital		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 32,992	\$ 28,973
Accrued interest	1,625	1,833
Current portion, long-term debt	6,936	2,175
Total current liabilities	41,553	32,981
Other long-term liabilities	1,616	1,835
Long-term debt	266,290	252,774
Deferred cemetery revenues, net	544,322	497,861
Deferred tax liabilities	12,554	14,910
Merchandise liability	127,875	125,869
Perpetual care trust corpus	302,773	282,313
Total liabilities	1,296,983	1,208,543

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Commitments and contingencies

Partners' capital

General partner	(893)	386
Common partners	139,542	134,796
Total partners' capital	138,649	135,182
Total liabilities and partners' capital	\$ 1,435,632	\$ 1,343,725

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Table of Contents**StoneMor Partners L.P.****Condensed Consolidated Statement of Operations**

(in thousands, except per unit data)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Revenues:				
Cemetery				
Merchandise	\$ 28,669	\$ 30,337	\$ 55,321	\$ 57,481
Services	11,072	11,265	22,371	23,347
Investment and other	12,005	12,051	22,248	23,475
Funeral home				
Merchandise	4,517	3,569	9,470	7,587
Services	6,159	4,286	12,624	9,205
Total revenues	62,422	61,508	122,034	121,095
Costs and Expenses:				
Cost of goods sold (exclusive of depreciation shown separately below):				
Perpetual care	1,500	1,415	2,781	2,782
Merchandise	6,212	5,821	11,221	10,874
Cemetery expense	15,408	14,775	28,193	27,567
Selling expense	12,218	13,123	23,442	24,910
General and administrative expense	7,898	7,195	15,480	14,388
Corporate overhead (including \$360 and \$210 in unit-based compensation for the three months ended June 30, 2013 and 2012, and \$690 and \$409 for the six months ended June 30, 2013 and 2012, respectively)	5,672	7,756	13,660	14,359
Depreciation and amortization	2,451	2,230	4,781	4,560
Funeral home expense				
Merchandise	1,703	1,107	3,225	2,530
Services	4,768	3,302	9,325	6,707
Other	2,893	2,206	5,550	4,134
Acquisition related costs, net of recoveries	(625)	782	658	1,113
Total cost and expenses	60,098	59,712	118,316	113,924
Operating profit	2,324	1,796	3,718	7,171
Gain (loss) on termination of operating agreement		(83)		1,737
Gain on settlement agreement, net	11,349		12,261	
Gain on acquisition		122		122
Loss on early extinguishment of debt	21,595		21,595	
Gain on sale of other assets	155		155	
Interest expense	5,132	4,870	10,595	9,836
Net loss before income taxes	(12,899)	(3,035)	(16,056)	(806)
Income tax expense (benefit)				
State	165	97	221	242

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Federal	(1,255)	(963)	(2,268)	(909)
Total income tax benefit	(1,090)	(866)	(2,047)	(667)
Net loss	\$ (11,809)	\$ (2,169)	\$ (14,009)	\$ (139)
General partner's interest in net loss for the period	\$ (218)	\$ (43)	\$ (258)	\$ (3)
Limited partners' interest in net loss for the period	\$ (11,591)			