

STONEMOR PARTNERS LP
Form 10-Q
November 09, 2010
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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 September 30, 2010

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: 000-50910

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

The number of the registrant's outstanding common units at November 9, 2010 was 15,566,635.

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(in thousands)

	September 30, 2010 (unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,958	\$ 13,479
Accounts receivable, net of allowance	42,917	37,113
Prepaid expenses	3,998	3,531
Other current assets	8,499	4,502
Total current assets	73,372	58,625
Long-term accounts receivable net of allowance	56,667	48,015
Cemetery property	304,386	239,777
Property and equipment, net of accumulated depreciation	82,577	48,736
Merchandise trusts, restricted, at fair value	293,008	203,829
Perpetual care trusts, restricted, at fair value	241,923	196,276
Deferred financing costs net of accumulated amortization	10,324	12,020
Deferred selling and obtaining costs	57,537	49,782
Deferred tax assets	508	451
Fair value of interest rate swap	1,961	
Other assets	5,809	1,864
Total assets	\$ 1,128,072	\$ 859,375
Liabilities and partners capital		
Current liabilities		
Accounts payable and accrued liabilities	\$ 19,628	\$ 26,574
Accrued interest	5,444	1,829
Current portion, long-term debt	846	378
Total current liabilities	25,918	28,781
Other long-term liabilities	5,721	2,912
Fair value of interest rate swap		2,681
Long-term debt	206,452	182,821
Deferred cemetery revenues, net	343,855	258,978
Deferred tax liabilities	30,552	4,907
Merchandise liability	105,387	65,883
Perpetual care trust corpus	241,923	196,276

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Total liabilities	959,808	743,239
Partners capital		
General partner	3,000	1,920
General partner incentive distribution rights	5,979	
Common partner	159,286	114,216
Total partners capital	168,264	116,136
Total liabilities and partners capital	\$ 1,128,072	\$ 859,375

See Accompanying Notes to the Condensed Consolidated Financial Statements.

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

(in thousands)

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009 (as restated)	2010	2009 (as restated)
Revenues:				
Cemetery				
Merchandise	\$ 25,750	\$ 22,728	\$ 68,576	\$ 65,460
Services	11,537	10,187	29,562	28,959
Investment and other	8,336	8,291	25,241	25,156
Funeral home				
Merchandise	2,515	2,260	7,377	7,189
Services	3,992	3,121	10,781	10,223
Total revenues	52,130	46,587	141,537	136,987
Costs and Expenses:				
Cost of goods sold (exclusive of depreciation shown separately below):				
Perpetual care	1,370	1,230	3,727	3,658
Merchandise	5,150	4,486	12,572	13,017
Cemetery expense	13,507	10,599	34,840	30,450
Selling expense	10,298	8,733	27,381	25,177
General and administrative expense	6,327	5,797	18,086	16,687
Corporate overhead (including \$190 and \$381 in unit-based compensation for the three months ended September 30, 2010 and 2009 and \$543 and \$1,138 for the nine months ended September 30, 2010 and 2009)	5,368	5,440	16,062	16,303
Depreciation and amortization	2,261	1,700	5,918	4,718
Funeral home expense				
Merchandise	967	839	2,833	2,750
Services	2,549	2,193	6,884	6,895
Other	1,509	1,385	4,381	4,284
Acquisition related costs	2,167	(29)	4,823	2,099
Total cost and expenses	51,473	42,373	137,508	126,038
Operating profit	656	4,214	4,029	10,949
Other income and expense				
Gain on sale of funeral homes				475
Gain on acquisition	6,656	751	29,968	5,334
Increase in fair value of interest rate swap	1,398		4,637	
Interest expense	5,894	3,898	15,991	10,269

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Income before income taxes	2,816	1,067	22,643	6,489
Income tax expense (benefit):				
State	(22)	195	33	396
Federal	(1,807)	(1,312)	(2,716)	(1,448)
Total income tax expense (benefit)	(1,829)	(1,117)	(2,683)	(1,052)
Net income (loss)	\$ 4,645	\$ 2,184	\$ 25,326	\$ 7,541
General partner's interest in net income for the period	\$ 93	\$ 44	\$ 510	\$ 151
General partner's IDR interest in net income for the period	\$	\$	\$ 6,250	\$
Limited partners' interest in net income for the period				
Common	\$ 4,552	\$ 1,855		