

STONEMOR PARTNERS LP
Form 10-Q
August 09, 2011
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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, 2011

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)

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 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 August 9, 2011 was 19,350,957.

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(in thousands)

(unaudited)

	June 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 12,734	\$ 7,535
Accounts receivable, net of allowance	48,238	45,149
Prepaid expenses	4,489	3,783
Other current assets	10,507	9,002
Total current assets	75,968	65,469
Long-term accounts receivable, net of allowance	64,130	60,061
Cemetery property	287,601	283,460
Property and equipment, net of accumulated depreciation	66,789	66,249
Merchandise trusts, restricted, at fair value	332,117	318,318
Perpetual care trusts, restricted, at fair value	255,649	249,690
Deferred financing costs, net of accumulated amortization	9,339	9,801
Deferred selling and obtaining costs	64,685	59,422
Deferred tax assets	547	605
Goodwill	18,545	18,153
Other assets	13,680	14,364
Total assets	\$ 1,189,050	\$ 1,145,592
Liabilities and partners capital		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 17,140	\$ 23,444
Accrued interest	1,268	2,034
Current portion, long-term debt	1,511	1,386
Total current liabilities	19,919	26,864
Other long-term liabilities	3,048	3,687
Long-term debt	158,242	219,008
Deferred cemetery revenues, net	413,028	386,465
Deferred tax liabilities	16,928	18,331
Merchandise liability	115,508	113,356
Perpetual care trust corpus	255,649	249,690
Total liabilities	982,322	1,017,401

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Commitments and Contingencies

Partners' capital		
General partner	3,142	1,809
Common partners	203,586	126,382
Total partners' capital	206,728	128,191
Total liabilities and partners' capital	\$ 1,189,050	\$ 1,145,592

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 unit data)****(unaudited)**

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Revenues:				
Cemetery				
Merchandise	\$ 31,104	\$ 24,028	\$ 52,539	\$ 42,826
Services	11,604	10,038	22,402	18,025
Investment and other	10,036	8,898	19,702	16,905
Funeral home				
Merchandise	2,957	2,362	6,096	4,862
Services	4,406	3,411	8,599	6,789
Total revenues	60,107	48,737	109,338	89,407
Costs and Expenses:				
Cost of goods sold (exclusive of depreciation shown separately below):				
Perpetual care	1,399	1,270	2,724	2,357
Merchandise	5,817	4,055	9,485	7,368
Cemetery expense	15,462	12,086	27,548	21,333
Selling expense	12,187	9,467	21,731	17,083
General and administrative expense	7,031	6,161	13,458	11,759
Corporate overhead (including \$191 and \$177 in unit-based compensation for the three months ended June 30, 2011 and 2010, and \$381 and \$353 for the six months ended June 30, 2011 and 2010, respectively)	5,986	5,605	11,944	10,694
Depreciation and amortization	2,042	1,929	4,488	3,739
Funeral home expense				
Merchandise	1,009	953	2,215	1,866
Services	2,803	2,247	5,349	4,335
Other	1,886	1,442	3,443	2,872
Acquisition related costs	1,025	1,666	1,958	2,656
Total cost and expenses	56,647	46,881	104,343	86,062
Operating profit	3,460	1,856	4,995	3,345
Expenses related to refinancing			453	
Gain on acquisitions				7,093
Early extinguishment of debt			4,010	
Increase in fair value of interest rate swaps		1,568		3,239
Interest expense	4,352	5,239	9,442	10,097
Income (loss) before income taxes	(892)	(1,815)	(8,910)	3,580
Income tax expense (benefit)				
State	(902)	26	(898)	54

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Federal	(805)	(381)	(1,613)	(909)
Total income tax expense (benefit)	(1,707)	(355)	(2,511)	(855)
Net income (loss)	\$ 815	\$ (1,460)	\$ (6,399)	\$ 4,435
General partner's interest in net income (loss) for the period	\$ 16	\$ (29)	\$ (128)	\$ 89
Limited partners' interest in net income (loss) for the period	\$ 799	\$ (1,431)	\$ (6,271)	\$ 4,346
Net income (loss) per limited partner unit (basic and diluted)	\$.04	\$ (.11)	\$ (.34)	\$.32
Weighted average number of limited partners	#1			