

STONEMOR PARTNERS LP

Form 10-K/A

November 09, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

(Mark One)

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

FOR THE FISCAL YEAR ENDED December 31, 2015

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)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

3600 Horizon Boulevard

Trevese, Pennsylvania
(Address of principal executive offices)

19053
(Zip Code)

Registrant's telephone number, including area code (215) 826-2800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Units

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 (Check one):

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 Act). Yes No

The aggregate market value of the common units held by non-affiliates of the registrant was approximately \$799.0 million as of June 30, 2015 based on \$30.15, the closing price per common unit as reported on the New York Stock Exchange on that date.¹

The number of the registrant's outstanding common units at February 12, 2016 was 32,648,469.

Documents incorporated by reference: None

¹ The aggregate market value of the common units set forth above equals the number of the registrant's common units outstanding, reduced by the number of common units held by executive officers, directors and persons owning 10% or more of the registrant's common units, multiplied by the closing price per the registrant's common unit on June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter. The information provided shall in no way be construed as an admission that any person whose holdings are excluded from this figure is an affiliate of the registrant or that any person whose holdings are included in this figure is not an affiliate of the registrant and any such admission is hereby disclaimed. The information provided herein is included solely for record keeping purposes of the Securities and Exchange Commission.

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Explanatory Note

We are filing this Amendment No. 1 to our annual report on Form 10-K (Form 10-K/A) for the year ended December 31, 2015, which was originally filed on February 29, 2016 (Original Filing), to restate the Partnership's audited consolidated financial statements as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015, the related notes thereto, and the Partnership's unaudited quarterly consolidated financial information for the years ended December 31, 2015 and 2014, included in the Original Filing (Restatement).

This Form 10-K/A contains only Item 1A (Risk Factors of Part I), Item 6 (Selected Financial Data), Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations), Item 8 (Financial Statements and Supplementary Data) and Item 9A (Controls and Procedures) of Part II and Item 15 (Exhibits, Financial Statement Schedules) of Part IV, and items including information not affected by the Restatement have not been repeated in this Form 10-K/A.

The Restatement corrects accounting errors related to:

- 1) The allocation of net loss to the General Partner and the limited partners for the purposes of determining the general partner's and limited partners' capital accounts presented within Partners' capital, and the corresponding effect on net loss per limited partner unit (basic and diluted) for each of the three years in the period ended December 31, 2015;
- 2) The presentation of certain components of Cemetery property, Property and equipment, net of accumulated depreciation, Goodwill and intangible assets, Deferred cemetery revenues, net, Merchandise liability, Accounts payable and accrued liabilities and Common limited partners' interest as of December 31, 2015 and 2014;
- 3) The presentation of Cemetery merchandise revenues, Cemetery service revenues, and Cost of goods sold related to assumed performance obligations from acquisitions for each of the three years in the period ended December 31, 2015;
- 4) The recording of incorrect amounts of investment revenues and expenses related to merchandise and perpetual care trusts on the consolidated statement of operations and the incorrect tracking of perpetual care-trusting obligations on the consolidated balance sheets;
- 5) The recognition of incorrect amounts of revenue from deferred pre-acquisition contracts in the consolidated statement of operations based on inaccurate system inputs;
- 6) Other adjustments principally relating to the recognition, accuracy and/or classification of certain amounts in Deferred cemetery revenues, net, Merchandise liabilities, and Other current assets; and

- 7) The corresponding effect of the foregoing accounting errors on the Partnership's income tax accounts, consolidated statement of partners' capital, consolidated statement of cash flows, and the related notes thereto, disclosed in the Partnership's consolidated financial statements as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015 included in Item 8 Financial Statements and Supplementary Data to this Form 10-K/A (Item 8), as well as Note 20, *Quarterly Results of Operations (Unaudited)*, in the Partnership's consolidated financial statements included in Item 8.

Note 2, *Restatement of Previously Issued Consolidated Financial Statements*, in the Partnership's consolidated financial statements included in Item 8 provides further information regarding the Restatement. Note 20, *Quarterly Results of Operations (Unaudited)*, in the Partnership's consolidated financial statements included in Item 8 presents the effect of this Restatement on the Partnership's unaudited quarterly consolidated financial information for the years ended December 31, 2015 and 2014. Item 6 Selected Financial Data to this Form 10-K/A (Item 6) summarizes the effect of this Restatement on the Partnership's 2015, 2014, 2013, 2012, and 2011 selected consolidated financial data. Item 9A Controls and Procedures to this Form 10-K/A discloses the material weaknesses in the Partnership's internal controls associated with the Restatement, as well as management's conclusion that the Partnership's internal controls over financial reporting were not effective as of December 31, 2015. As disclosed therein, management is currently evaluating the changes needed in the Partnership's internal controls over financial reporting to remediate these material weaknesses.

This Form 10-K/A does not reflect events occurring after the filing of the Original Filing and does not substantively modify or update the disclosures therein other than as required to reflect the adjustments described above and to state our current address of principal executive offices on the cover page of Form 10-K/A. See Note 2 to the accompanying consolidated financial statements, set forth in Item 8 of this Form 10-K/A, for additional information.

We are also filing currently dated certifications from our Chief Executive Officer and Chief Financial Officer as Exhibits 31.1, 31.2, 32.1, and 32.2 to this Form 10-K/A.

Concurrently with the filing of this Form 10-K/A, we are filing an amendment to our quarterly reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016 to restate our previously filed unaudited condensed consolidated financial statements and amend related information.

Unless the context otherwise requires, references to we, us, our, StoneMor, the Company, or the Partnership mean StoneMor Partners L.P. and its subsidiaries.

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PART I

ITEM 1A. RISK FACTORS (Revised)

This Item 1A. in Form 10-K/A does not reflect events occurring after the filing of the Original Filing and does not substantively modify or update the risk factors herein other than as required to reflect the adjustments described in the Explanatory Note.

RISK FACTORS RELATED TO OUR BUSINESS

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the risks set forth below. The risks described below should not be considered comprehensive and all-inclusive. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. If any events occur that give rise to the following risks, our business, financial condition or results of operations could be materially and adversely impacted. These risk factors should be read in conjunction with other information set forth in this Annual Report on Form 10-K/A, including our consolidated financial statements and the related notes. Many such factors are beyond our ability to control or predict. Investors are cautioned not to put undue reliance on forward-looking statements that involve risks and uncertainties.

We may not have sufficient cash from operations to increase distributions, to continue paying distributions at their current level, or at all, after we have paid our expenses, including the expenses of our general partner, funded merchandise and perpetual care trusts and established necessary cash reserves.

The amount of cash we can distribute on our units principally depends upon the amount of cash we generate from operations, which fluctuates from quarter to quarter based on, among other things:

the volume of our sales;

the prices at which we sell our products and services; and

the level of our operating and general and administrative costs.

In addition, the actual amount of cash we will have available for distribution will depend on other factors, such as working capital borrowings, capital expenditures and funding requirements for trusts and our ability to withdraw amounts from trusts. Therefore, our major risk is related to uncertainties associated with our cash flow from our pre-need and at-need sales, our trusts, and financings, which may impact our ability to meet our financial projections, our ability to service our debt and pay distributions, and our ability to increase our distributions.

If we do not generate sufficient cash to continue paying distributions at least at their current level, the market price of our common units may decline materially. We expect that we will need working capital borrowings of approximately \$60.0 million during the year ending December 31, 2016 in order to have sufficient operating surplus to pay distributions at their current level and with the projected increase on our common units, although the actual amount of working capital borrowings could be materially more or less. These working capital borrowings enable us to finance

the build-up in our accounts receivables, and to construct mausoleums and purchase products for our pre-need sales in advance of the time of need, which, in turn, allows us to generate available cash for operating surplus over time by accessing the funds held in trust for the products purchased.

Our substantial level of indebtedness could materially adversely affect our ability to generate sufficient cash for distribution to our unitholders, to fulfill our debt obligations and to operate our business.

We have a substantial amount of debt, which requires significant interest and principal payments. As of December 31, 2015, we had \$149.5 million of total debt outstanding on a revolving credit facility that matures in December 2019, which would give us \$30.5 million of total available borrowing capacity under our credit facility. The revolving credit facility provides for both acquisition draws, which are used primarily to finance acquisitions, acquisition related costs and mausoleum construction costs, and working capital draws, which are used to finance all other corporate costs. As of December 31, 2015, we had \$105.0 million of working capital draws, which are limited to a borrowing formula of 85% of eligible account receivables. This limit was \$139.0 million at December 31, 2015. In addition, as of December 31, 2015, we had \$175.0 million aggregate principal amount of 7.875% Senior Notes due 2021 outstanding. Leverage makes us more vulnerable to economic downturns. Because we are obligated to dedicate a portion of our cash flow to service our debt obligations, our cash flow available for operations and for distribution to our unitholders will be reduced. The amount of indebtedness we have could limit our flexibility in planning for, or reacting to, changes in the markets in which we compete, limit our ability to obtain additional financing, if necessary, for working capital expenditures, acquisitions or other purposes, and require us to dedicate more cash flow to service our debt than we desire. Our ability to satisfy our indebtedness as required by the terms of our debt will be dependent on, among other things, the successful execution of our long-term strategic plan. Subject to limitations in our debt obligations, we may incur additional debt in the future, for acquisitions or otherwise, and servicing this debt could further limit our cash flow available for operations and distribution to unitholders.

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Restrictions in our existing and future debt agreements could limit our ability to make distributions to you or capitalize on acquisition and other business opportunities.

The operating and financial restrictions and covenants in our senior notes, our revolving credit facility and any future financing agreements could restrict our ability to finance future operations or capital needs or to expand or pursue our business activities. For example, our senior notes and our revolving credit facility contain covenants that restrict or limit our ability to:

enter into a new line of business;

enter into any agreement of merger or acquisition;

sell, transfer, assign or convey assets;

grant certain liens;

incur or guarantee additional indebtedness;

make certain loans, advances and investments;

declare and pay dividends and distributions;

enter into transactions with affiliates; and

make voluntary payments or modifications of indebtedness.

In addition, our revolving credit facility contains covenants requiring us to maintain certain financial ratios and tests. These restrictions may also limit our ability to obtain future financings. Our ability to comply with the covenants and restrictions contained in our senior notes and revolving credit facility agreement may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions continue to deteriorate, our ability to comply with these covenants may be impaired. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.

In addition, our debt obligations limit our ability to make distributions to our unitholders. Our senior notes and revolving credit facility obligations prohibit us from making such distributions if we are in default, including with regard to our revolving credit facility obligations as a result of our failure to maintain specified financial ratios. We cannot assure you that we will maintain these specified ratios and satisfy these tests for distributing available cash from operating surplus.

If we violate any of the restrictions, covenants, ratios or tests in our revolving credit facility agreement or senior notes indenture, the lenders will be able to accelerate the maturity of all borrowings thereunder, cause cross-default and demand repayment of amounts outstanding, and our lenders' commitment to make further loans to us under the revolving credit facility may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. Any subsequent replacement of our debt obligations or any new indebtedness could have similar or greater restrictions.

Our merchandise and perpetual care trust funds own investments in equity securities, fixed income securities, and mutual funds, which are affected by financial market conditions that are beyond our control.

Pursuant to state law, a portion of the proceeds from pre-need sales of merchandise and services is put into a merchandise trust until such time that the Partnership meets the requirements for releasing trust principal, which is generally delivery of merchandise or performance of services. All investment earnings generated by the assets in the merchandise trusts, including realized gains and losses, generally are deferred until the associated merchandise is delivered or the services are performed.

Also, pursuant to state law, a portion of the proceeds from the sale of cemetery property is required to be paid into perpetual care trusts. The perpetual care trust principal does not belong to the Partnership and must remain in this trust into perpetuity while interest and dividends may be released and used to defray cemetery maintenance costs.

Our returns on these investments are affected by financial market conditions that are beyond our control. If the investments in our trust funds experience significant declines, there could be insufficient funds in the trusts to cover the costs of delivering services and merchandise or maintaining cemeteries in the future. We may be required to cover any such shortfall with cash flows from operations, which could have a material adverse effect on our financial condition, results of operations or cash flows. For more information related to our trust investments, refer to our consolidated financial statements in Item 8, of this Form 10-K/A.

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If the fair market value of these trusts, plus any other amount due to us upon delivery of the associated contracts, were to decline below the estimated costs to deliver the underlying products and services, we would record a charge to earnings to record a liability for the expected losses on the delivery of the associated contracts.

We may be required to replenish our funeral and cemetery trust funds in order to meet minimum funding requirements, which would have a negative effect on our earnings and cash flow.

In certain states, we have withdrawn allowable distributable earnings including gains prior to the maturity or cancellation of the related contract. Additionally, some states have laws that either require replenishment of investment losses under certain circumstances or impose various restrictions on withdrawals of future earnings when trust fund values drop below certain prescribed amounts. In the event of realized losses or market declines, we may be required to deposit portions or all of these amounts into the respective trusts in some future period.

Any reductions in the principal or the earnings of the investments held in merchandise and perpetual care trusts could adversely affect our revenues and cash flow.

A substantial portion of our revenue is generated from investment returns that we realize from merchandise and perpetual care trusts. Unstable economic conditions have, at times, caused us to experience declines in the fair value of the assets held in these trusts. Future cash flows could be negatively impacted if we are forced to liquidate assets that are in impaired positions.

We invest primarily for current income. We rely on the interest and dividends paid by the assets in our trusts to provide both revenue and cash flow. Interest income from fixed-income securities is particularly susceptible to changes in interest rates and declines in credit worthiness while dividends from equity securities are susceptible to the issuer's ability to make such payments.

Any decline in the interest rate environment or the credit worthiness of our debt issuers or any suspension or reduction of dividends could have a material adverse effect on our financial condition and results of operations.

In addition, any significant or sustained unrealized investment losses could result in merchandise trusts having insufficient funds to cover our cost of delivering products and services. In this scenario, we would be required to use our operating cash to deliver those products and perform those services, which could decrease our cash available for distribution.

Pre-need sales typically generate low or negative cash flow in the periods immediately following sales, which could adversely affect our ability to make distributions to our unitholders.

When we sell cemetery merchandise and services on a pre-need basis, we pay commissions on the sale to our salespeople and are required by state law to deposit a portion of the sales proceeds into a merchandise trust. In addition, most of our customers finance their pre-need purchases under installment contracts payable over a number of years. Depending on the trusting requirements of the states in which we operate, the applicable sales commission rates and the amount of the down payment, our cash flow from sales to customers through installment contracts is typically negative until we have collected the related receivable or until we purchase the products or perform the services and are permitted to withdraw funds we have deposited in the merchandise trust. To the extent we increase pre-need sales, state trusting requirements are increased and we delay the performance of the services we sell on a pre-need basis, our cash flow immediately following pre-need sales may be further reduced, and our ability to make distributions to our unitholders could be adversely affected.

The cemetery and funeral home industry continues to be competitive.

We face competition in all of our markets. Most of our competitors are independent operations. Our ability to compete successfully depends on our management's forward vision, timely responses to changes in the business environment, our cemeteries and funeral homes' ability to maintain a good reputation and high professional standards as well as offer products and services at competitive prices. We have historically experienced price competition from independent cemetery and funeral home operators. If we are unable to compete successfully, our financial condition, results of operations and cash flows could be materially adversely affected.

Because fixed costs are inherent in our business, a decrease in our revenues can have a disproportionate effect on our cash flow and profits.

Our business requires us to incur many of the costs of operating and maintaining facilities, land and equipment regardless of the level of sales in any given period. For example, we must pay salaries, utilities, property taxes and maintenance costs on our cemetery properties and funeral homes regardless of the number of interments or funeral services we perform. If we cannot decrease these costs significantly or rapidly when we experience declines in sales, declines in sales can cause our margins, profits and cash flow to decline at a greater rate than the decline in our revenues.

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Our failure to attract and retain qualified sales personnel and management could have an adverse effect on our business and financial condition.

Our ability to attract and retain a qualified sales force and other personnel is an important factor in achieving future success. Buying cemetery and funeral home products and services, especially at-need products and services, is very emotional for most customers, so our sales force must be particularly sensitive to our customers' needs. We cannot assure you that we will be successful in our efforts to attract and retain a skilled sales force. If we are unable to maintain a qualified and productive sales force, our revenues may decline and our cash available for distribution may decrease.

Our success also depends upon the services and capabilities of our management team. Management establishes the tone at the top by which an environment of ethical values, operating style and management philosophy is fostered. The inability of our senior management team to maintain a proper tone at the top or the loss of services of one or more members of senior management as well as the inability to attract qualified managers or other personnel could have a material adverse effect on our business, financial condition, and results of operations. We may not be able to locate or employ on acceptable terms qualified replacements for senior management or key employees if their services were no longer available. We do not maintain key employee insurance on any of our executive officers.

We may not be able to identify, complete, fund or successfully integrate our acquisitions, which could have an adverse effect on our results of operations.

A primary component of our business strategy is to grow through acquisitions of cemeteries and funeral homes. We cannot assure you that we will be able to identify and acquire cemeteries or funeral homes on terms favorable to us or at all. We may face competition from other death care companies in making acquisitions. Historically, we have funded a significant portion of our acquisitions through borrowings. Our ability to make acquisitions in the future may be limited by our inability to secure adequate financing, restrictions under our existing or future debt agreements, competition from third parties or a lack of suitable properties. As of December 31, 2015, we had \$30.5 million of total available borrowing capacity under our revolving credit facility. The revolving credit facility provides for both acquisition draws, which are used primarily to finance acquisitions and acquisition related costs and working capital draws, which are used to finance all other corporate costs. As of December 31, 2015, we had \$105.0 million of working capital draws, which are limited to a borrowing formula of 85% of eligible account receivables. This limit was \$139.0 million at December 31, 2015.

In addition, if we complete acquisitions, we may encounter various associated risks, including the possible inability to integrate an acquired business into our operations, diversion of management's attention and unanticipated problems or liabilities, some or all of which could have a material adverse effect on our operations and financial performance. Also, when we acquire cemeteries that do not have an existing pre-need sales program or a significant amount of pre-need products and services that have been sold but not yet purchased or performed, the operation of the cemetery and implementation of a pre-need sales program after acquisition may require significant amounts of working capital. This may make it more difficult for us to make acquisitions.

If we are not able to respond effectively to changing consumer preferences, our market share, revenues and profitability could decrease.

Future market share, revenues and profits will depend in part on our ability to anticipate, identify and respond to changing consumer preferences. In past years, we have implemented new product and service strategies based on results of customer surveys that we conduct on a continuous basis. However, we may not correctly anticipate or identify trends in consumer preferences, or we may identify them later than our competitors do. In addition, any

strategies we may implement to address these trends may prove incorrect or ineffective.

If the trend toward cremation in the United States continues, our revenues may decline which could have an adverse effect on our business and financial condition.

We and other death care companies that focus on traditional methods of interment face competition from the increasing number of cremations in the United States. Industry studies indicate that the percentage of cremations has steadily increased and that cremations are performed for approximately 45% of the deaths in the United States. This percentage is expected to increase to approximately 56% in 2025. Because the products and services associated with cremations, such as niches and urns, produce lower revenues than the products and services associated with traditional interments, a continuing trend toward cremations may reduce our revenues.

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Declines in the number of deaths in our markets can cause a decrease in revenues.

Declines in the number of deaths could cause at-need sales of cemetery and funeral home merchandise and services to decline and could cause a decline in the number of pre-need sales, both of which could decrease revenues. Changes in the number of deaths can vary among local markets and from quarter to quarter, and variations in the number of deaths in our markets or from quarter to quarter are not predictable. However, generally, the number of deaths fluctuates with the seasons with more deaths occurring during the winter months primarily resulting from pneumonia and influenza. These variations can cause revenues to fluctuate.

We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cybersecurity incidents, could harm our ability to operate our business effectively.

Our ability to manage and maintain our internal reports effectively and integration of new business acquisitions depends significantly on our enterprise resource planning system and other information systems. Some of our information technology systems may experience interruptions, delays or cessations of service or produce errors in connection with ongoing systems implementation work. Cybersecurity attacks in particular are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, misappropriation of our confidential or otherwise protected information and corruption of data. The failure of our systems to operate effectively or to integrate with other systems, or a breach in security or other unauthorized access of these systems, may also result in reduced efficiency of our operations and could require significant capital investments to remediate any such failure, problem or breach and to comply with applicable regulations, all of which could adversely affect our business, financial condition and results of operations.

Our business is subject to existing federal and state laws and regulations governing data privacy, security and cybersecurity in the United States. These regulations include privacy and security rules regarding employee-related and third-party information when a data breach results in the release of personally identifiable information, as well as those rules imposed by the banking and payment card industries to protect against identity theft and fraud in connection with the collection of payments from customers. Incidents in which we fail to protect our customers information against security breaches could result in monetary damages against us and could otherwise damage our reputation, harm our businesses and adversely impact our results of operations. If we fail to protect our own information, including information about our employees, we could experience significant costs and expenses as well as damage to our reputation.

The financial condition of third-party insurance companies that fund our pre-need funeral contracts may impact our financial condition, results of operations, or cash flows.

Where permitted, customers may arrange their pre-need funeral contract by purchasing a life insurance or annuity policy from third-party insurance companies. The customer/policy holder assigns the policy benefits to our funeral home to pay for the pre-need funeral contract at the time of need. For preneed funeral contracts funded through life insurance contracts, we receive commission from third-party insurance companies. Additionally, there is an increasing death benefit associated with the contract that may vary over the contract life. There is no guarantee that the increasing death benefit will cover future increases in the cost of providing a funeral service. If the financial condition of the third-party insurance companies were to deteriorate materially because of market conditions or otherwise, there could be an adverse effect on our ability to collect all or part of the proceeds of the life insurance or annuity policy, including the annual increase in the death benefit. Failure to collect such proceeds could have a material adverse effect on our financial condition, results of operations, or cash flows.

REGULATORY AND LEGAL RISKS

Our operations are subject to regulation, supervision and licensing under numerous federal, state and local laws, ordinances and regulations, including extensive regulations concerning trusts/escrows, pre-need sales, cemetery ownership, funeral home ownership, marketing practices, crematories, environmental matters and various other aspects of our business.

If state laws or interpretations of existing state laws change or if new laws are enacted, we may be required to increase trust/escrow deposits or to alter the timing of withdrawals from trusts/escrows, which may have a negative impact on our revenues and cash flow.

We are required by most state laws to deposit specified percentages of the proceeds from our pre-need and at-need sales of interment rights into perpetual care trusts and generally proceeds from our pre-need sales of cemetery and funeral home products and services into merchandise trusts/escrows. These laws also determine when we are allowed to withdraw funds from those trusts/escrows. If those laws or the interpretations of those laws change or if new laws are enacted, we may be required to deposit more of the sales proceeds we receive from our sales into the trusts/escrows or to defer withdrawals from the trusts/escrows, thereby decreasing our cash flow until we are permitted to withdraw the deposited amounts. This could also reduce our cash available for distribution.

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If state laws or their interpretations change, or new laws are enacted relating to the ownership of cemeteries and funeral homes, our business, financial condition and results of operations could be adversely affected.

Some states require cemeteries to be organized in the nonprofit form but permit those nonprofit entities to contract with for-profit companies for management services. If state laws change or new laws are enacted that prohibit us from managing cemeteries in those states, then our business, financial condition and results of operations could be adversely affected. Some state laws restrict ownership of funeral homes to licensed funeral directors. If state laws change or new laws are enacted that prohibit us from managing funeral homes in those instances, then our business, financial condition and results of operations could be adversely affected.

We are subject to legal restrictions on our marketing practices that could reduce the volume of our sales, which could have an adverse effect on our business, operations and financial condition.

The enactment or amendment of legislation or regulations relating to marketing activities may make it more difficult for us to sell our products and services. For example, the federal do not call legislation has adversely affected our ability to market our products and services using telephone solicitation by limiting whom we may call and increasing our costs of compliance. As a result, we rely heavily on direct mail marketing and telephone follow-up with existing contacts. Additional laws or regulations limiting our ability to market through direct mail, over the telephone, through Internet and e-mail advertising or door-to-door may make it difficult to identify potential customers, which could increase our costs of marketing. Both increases in marketing costs and restrictions on our ability to market effectively could reduce our revenues and could have an adverse effect on our business, operations and financial condition, as well as our ability to make cash distributions to you.

We are subject to environmental and health and safety laws and regulations that may adversely affect our operating results.

Our cemetery and funeral home operations are subject to numerous federal, state and local environmental and health and safety laws and regulations. We may become subject to liability for the removal of hazardous substances and solid waste under CERCLA and other federal and state laws. Under CERCLA and similar state laws, strict, joint and several liability may be imposed on various parties, regardless of fault or the legality of the original disposal activity. Our funeral home, cemetery and crematory operations include the use of some materials that may meet the definition of hazardous substances under CERCLA or state laws and thus may give rise to liability if released to the environment through a spill or release. We cannot assure you that we will not face liability under CERCLA or state laws for any environmental conditions at our facilities, and we cannot assure you that these liabilities will not be material. Our cemetery and funeral home operations are subject to regulation of underground and above ground storage tanks and laws managing the disposal of solid waste. If new requirements under local, state or federal laws were to be adopted, and were more stringent than existing requirements, new permits or capital expenditures may be required.

Our funeral home operations are generally subject to federal and state laws and regulations regarding the disposal of medical waste, and are also subject to regulation by federal, state or local authorities under the EPCRA. We are required by EPCRA to maintain and report to the regulatory authorities, if applicable thresholds are met, a list of any hazardous chemicals and extremely hazardous substances, which are stored or used at our facilities.

Our crematory operations may be subject to regulation under the federal Clean Air Act and any analogous state laws. If new regulations applicable to our crematory operations were to be adopted, they could require permits or capital expenditures that could increase our costs of operation and compliance. We are also subject to the Clean Water Act and corresponding state laws, as well as local requirements applicable to the treatment of sanitary and industrial wastewaters. Many of our funeral homes discharge their wastewaters into Publicly Operated Treatment Works, or

POTWs, and may be subject to applicable limits as to contaminants that may be included in the discharge of their wastewater. Our cemeteries typically discharge their wastewaters from sanitary use and maintenance operations conducted onsite into septic systems, which are regulated under state and local laws. If there are violations of applicable local, state or federal laws pertaining to our discharges of wastewaters, we may be subject to penalties as well as an obligation to conduct required remediation.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

From time to time, we are party to various claims and legal proceedings, including, but not limited to, employment, cemetery or burial practices, and other litigation. We are subject to class or collective actions under the wage and hours provisions of the Fair Labor Standards Act, including, but not limited to, national and state class or collective actions, or putative class or collective actions. Generally, plaintiffs in class action litigation may seek to recover amounts, which may be indeterminable for some period of time although potentially large. Adverse outcomes in the pending cases may result in monetary damages or injunctive relief against us, as litigation and other claims are subject to inherent uncertainties. For each of our outstanding legal matters, we evaluate the merits of the case, our exposure to the matter, possible legal or settlement strategies, and the likelihood of an unfavorable outcome. We base our assessments, estimates and disclosures on the information available to us at the time. Actual outcomes or losses may differ materially from assessments and estimates. Costs to defend litigation claims and legal proceedings and the cost of actual settlements, judgments

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or resolutions of these claims and legal proceedings may negatively affect our business and financial performance. We hold insurance policies that may reduce cash outflows with respect to an adverse outcome of certain litigation matters, but exclude certain claims, such as claims arising under the Fair Labor Standards Act. To the extent that our management will be required to participate in or otherwise devote substantial amounts of time to the defense of these matters, such activities would result in the diversion of our management resources from our business operations and the implementation of our business strategy, which may negatively impact our financial position and results of operations. Any adverse publicity resulting from allegations made in litigation claims or legal proceedings may also adversely affect our reputation, which in turn, could adversely affect our results of operations.

RISK FACTORS RELATED TO AN INVESTMENT IN US

Our general partner and its affiliates have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests to your detriment.

GP Holdings, as the sole member of our general partner, owns all of the Class A units of our general partner. Conflicts of interest may arise between GP Holdings and its affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our general partner may favor its own interests and the interests of its affiliates over the interests of the unitholders. These conflicts include, among others, the following situations:

The board of directors of our general partner is elected by GP Holdings, except that Messrs. Miller and Shane acting collectively have the right to designate one director who will be Lawrence R. Miller so long as he serves as the Chief Executive Officer of StoneMor GP or desires to serve as a director of StoneMor GP and thereafter will be William R. Shane. Although our general partner has a fiduciary duty to manage us in good faith, the directors of our general partner also have a fiduciary duty to manage our general partner in a manner beneficial to GP Holdings, as the sole member of our general partner. By purchasing common units, unitholders will be deemed to have consented to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable law.

Our partnership agreement limits the liability of our general partner, reduces its fiduciary duties and restricts the remedies available to unitholders for actions that might, without the limitations, constitute breaches of fiduciary duty.

Our general partner determines the amount and timing of asset purchases and sales, capital expenditures, borrowings, issuances of additional limited partner interests and reserves, each of which can affect the amount of cash that is distributed to unitholders.

Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf.

Our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates.

In some instances, our general partner may cause us to borrow funds or sell assets outside of the ordinary course of business in order to permit the payment of distributions, even if the purpose or effect of the borrowing is to make distributions in respect of incentive distribution rights.

Holder s of our common units have limited voting rights and are not entitled to elect our general partner or its directors, which could reduce the price at which the common units will trade.

Unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management s decisions regarding our business. Unitholders did not select our general partner or elect the board of directors of our general partner and will have no right to select our general partner or elect its board of directors in the future. We are not required to have a majority of independent directors on our board. The board of directors of our general partner, including the independent directors, is not chosen by our unitholders. GP Holdings, as the sole member of StoneMor GP, is entitled to elect all directors of StoneMor GP, except that Messrs. Miller and Shane acting collectively have the right to designate one director. As a result of these limitations, the price at which the common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units.

Unitholders voting rights are further restricted by the partnership agreement provision providing that any units held by a person that owns 20% or more of any class of units then outstanding, other than the general partner, its affiliates, their transferees and persons who acquired such units with the prior approval of the board of directors of our general partner, cannot be voted on any matter. In addition, the partnership agreement contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders ability to influence the manner or direction of management.

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Our general partner can transfer its ownership interest in us without unitholder consent under certain circumstances, and the control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, there is no restriction in the partnership agreement on the ability of the owners of our general partner to transfer their ownership interest in the general partner to a third party. The new owner of our general partner would then be in a position to replace the board of directors and officers of the general partner with its own choices and thereby influence the decisions taken by the board of directors and officers.

We may issue additional common units without your approval, which would dilute your existing ownership interests.

We may issue an unlimited number of limited partner interests of any type without the approval of the unitholders.

The issuance of additional common units or other equity securities of equal or senior rank will have the following effects:

your proportionate ownership interest in us will decrease;

the amount of cash available for distribution on each unit may decrease;

the relative voting strength of each previously outstanding unit may be diminished;

the market price of the common units may decline; and

the ratio of taxable income to distributions may increase.

Cost reimbursements due to our general partner may be substantial and will reduce the cash available for distribution to you.

Prior to making any distribution on the common units, we will reimburse our general partner and its affiliates for all expenses they incur on our behalf. The reimbursement of expenses could adversely affect our ability to pay cash distributions to you. Our general partner determines the amount of these expenses. In addition, our general partner and its affiliates may provide us with other services for which we will be charged fees as determined by our general partner.

In establishing cash reserves, our general partner may reduce the amount of available cash for distribution to you.

Subject to the limitations on restricted payments contained in the indenture governing the 7.875% Senior Notes due 2021 and other indebtedness, the master partnership distributes all of our available cash each quarter to its limited partners and general partner. Available cash is defined in the master limited partnership's partnership agreement, and it generally means, for each fiscal quarter, all cash and cash equivalents on hand on the date of determination for that quarter less the amount of cash reserves established at the discretion of the general partner to:

provide for the proper conduct of our business;

comply with applicable law, the terms of any of our debt instruments or other agreements; or

provide funds for distributions to its unitholders and general partner for any one or more of the next four calendar quarters.

These reserves will affect the amount of cash available for distribution to you.

Our general partner has a limited call right that may require you to sell your common units at an undesirable time or price.

If, at any time, our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the remaining common units held by unaffiliated persons at a price not less than their then-current market price. As a result, you may be required to sell your common units at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon the sale of your common units.

You may be required to repay distributions that you have received from us.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to you if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Assignees who become substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership. However, assignees are not liable for obligations unknown to the assignee at the time the assignee became a limited partner if the liabilities could not be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

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We have restated our prior consolidated financial statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price.

As discussed in the Explanatory Note and Note 2 to our consolidated financial statements included in Item 8 of this Form 10-K/A, we have restated our audited consolidated financial statements as of December 31, 2015 and 2014, and for each of the three years ended December 31, 2015 (the Restated Periods). The determination to restate the financial statements for the Restated Periods was agreed to by our Audit Committee upon management's recommendation following the identification of errors noted in Note 2 to our consolidated financial statements included in Item 8 of this Form 10-K/A. Due to the errors, management and our Audit Committee concluded that our previously issued financial statements for the Restated Periods should no longer be relied upon. Our Annual Report on Form 10-K for the year ended December 31, 2015 has been amended to reflect the restatement of our financial statements for the Restated Periods (the Restatement).

As a result of these events, we have become subject to a number of additional costs and risks, including unanticipated costs for accounting and legal fees in connection with or related to the Restatement and the remediation of our ineffective disclosure controls and procedures and material weaknesses in internal control over financial reporting. In addition, the attention of our management team has been diverted by these efforts. We could be subject to additional stockholder, governmental, or other actions in connection with the Restatement or other matters. Any such proceedings will, regardless of the outcome, consume a significant amount of management's time and attention and may result in additional legal, accounting, insurance and other costs. If we do not prevail in any such proceedings, we could be required to pay substantial damages or settlement costs. In addition, the Restatement and related matters could impair our reputation or could cause our counterparties to lose confidence in us. Each of these occurrences could have a material adverse effect on our business, results of operations, financial condition and unit price.

We have identified material weaknesses in our internal control over financial reporting and determined that our disclosure controls and procedures were not effective which could, if not remediated, result in additional material misstatements in our financial statements.

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over our financial reporting, as defined in Rules 13a-15(e) and 13a-15(f)), respectively, under the Securities Exchange Act of 1934. As disclosed in Item 9A of this Form 10-K/A, management identified material weaknesses in our internal control over financial reporting and determined our disclosure controls and procedures were not effective as of December 31, 2015. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of the material weaknesses identified in Item 9A of this Form 10-K/A, our management concluded that we did not maintain effective disclosure controls and procedures and internal control over financial reporting as of December 31, 2015. This Form 10-K/A reflects the change in management's conclusion regarding the effectiveness of our disclosure controls and procedures and internal control over financial reporting as of December 31, 2015 as well as an adverse opinion of our independent registered public accounting firm on the effectiveness of our internal control over financial reporting, as discussed in Item 9A of this Form 10-K/A.

We are in the process of developing and implementing the remediation plan to address the material weaknesses in internal control over financial reporting and ineffective disclosure controls and procedures. We expect such remediation plans will be implemented and tested for effectiveness as of December 31, 2016. If our remedial measures are insufficient, or if additional material weaknesses or significant deficiencies in our internal controls occur in the future, we could be required to restate our financial results, which could materially and adversely affect our business, results of operations, and financial condition, restrict our ability to access the capital markets, require us to expend

significant resources to correct the weaknesses or deficiencies, harm our reputation or otherwise cause a decline in investor confidence.

TAX RISKS TO COMMON UNITHOLDERS

Our tax treatment depends on our status as a partnership for federal income tax purposes as well as our not being subject to a material amount of entity-level taxation by individual states. If the IRS were to treat us as a corporation for federal income tax purposes or we were to become subject to additional amounts of entity-level taxation for state tax purposes, it would reduce the amount of cash available for distribution to you and payments on our debt obligation.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes.

Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for U.S. federal income tax purposes unless we satisfy a qualifying income requirement. Based upon our current operations, we believe we satisfy the qualifying income requirement. However, no ruling has been or will be requested regarding our treatment as a partnership for U.S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

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If we were treated as a corporation for U.S. federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely be liable for state income tax at varying rates. If we were required to pay tax on our taxable income, it would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units. Moreover, treatment of us as a corporation could materially and adversely affect our ability to make payments on our debt obligations.

At the state level, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. Imposition of such a tax on us by any state will reduce the cash available for distribution to you and payments on our debt obligations.

The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. For example, from time to time, members of Congress and the President propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships, including the elimination of the exception upon which we rely for our treatment as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will be reintroduced or will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units. Any modification to U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the qualifying income requirement to be treated as a partnership for U.S. federal income tax purposes.

We have subsidiaries that will be treated as corporations for federal income tax purposes and subject to corporate-level income taxes.

Some of our operations are conducted through subsidiaries that are organized as C corporations. Accordingly, these corporate subsidiaries are subject to corporate-level tax, which reduces the cash available for distribution to our partnership and, in turn, to you. If the IRS were to successfully assert that these corporations have more tax liability than we anticipate or legislation was enacted that increased the corporate tax rate, the cash available for distribution could be further reduced.

Audit adjustments to the taxable income of our corporate subsidiaries for prior taxable years may reduce the net operating loss carryforwards of such subsidiaries and thereby increase their tax liabilities for future taxable periods.

Our business was conducted by an affiliated group of corporations during periods prior to the completion of our initial public offering and, since the initial public offering, continues to be conducted in part by corporate subsidiaries. The amount of cash distributions we receive from our corporate subsidiaries over the next several years will depend in part upon the amount of net operating losses available to those subsidiaries to reduce the amount of income subject to federal income tax they would otherwise pay. These net operating losses will begin to expire in 2017. The amount of net operating losses available to reduce the income tax liability of our corporate subsidiaries in future taxable years could be reduced as a result of audit adjustments with respect to prior taxable years. Notwithstanding any limited indemnification rights we may have, any increase in the tax liabilities of our corporate subsidiaries because of a reduction in net operating losses will reduce our cash available for distribution.

Changes in the ownership of our units may result in annual limitations on our corporate subsidiaries' ability to use their net operating loss carryforwards, which could increase their tax liabilities and decrease cash available for distribution in future taxable periods.

Our corporate subsidiaries' ability to use their net operating loss carryforwards may be limited if changes in the ownership of our units causes our corporate subsidiaries to undergo an ownership change under applicable provisions of the Internal Revenue Code. In general, an ownership change will occur if the percentage of our units, based on the value of the units, owned by certain unitholders or groups of unitholders increases by more than fifty percentage points during a running three-year period. Recent changes in our ownership may result in an ownership change. A future ownership change may result from issuances of our units, sales or other dispositions of our units by certain significant unitholders, certain acquisitions of our units, and issuances, sales or other dispositions or acquisitions of interests in significant unitholders, and we will have little to no control over any such events. To the extent that an annual net operating loss limitation for any one year does restrict the ability of our corporate subsidiaries to use their net operating loss carryforwards, an increase in tax liabilities of our corporate subsidiaries could result, which would reduce the amount of cash available for distribution to you.

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If the IRS contests the federal income tax positions we take, the market for our common units may be adversely impacted, and the cost of any IRS contest will reduce our cash available for distribution to you. Recently enacted legislation alters the procedures for assessing and collecting taxes due for taxable years beginning after December 31, 2017, in a manner that could substantially reduce cash available for distribution to you.

We have not requested a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our cash available for distribution.

Recently enacted legislation applicable to us for taxable years beginning after December 31, 2017 alters the procedures for auditing large partnerships and also alters the procedures for assessing and collecting taxes due (including applicable penalties and interest) as a result of an audit. Unless we are eligible to (and choose to) elect to issue revised Schedules K-1 to our partners with respect to an audited and adjusted return, the IRS may assess and collect taxes (including any applicable penalties and interest) directly from us in the year in which the audit is completed under the new rules. If we are required to pay taxes, penalties and interest as the result of audit adjustments, cash available for distribution to our unitholders may be substantially reduced. In addition, because payment would be due for the taxable year in which the audit is completed, unitholders during that taxable year would bear the expense of the adjustment even if they were not unitholders during the audited taxable year.

You may be required to pay taxes on income from us even if you do not receive any cash distributions from us.

Because you will be treated as a partner to whom we will allocate taxable income that could be different in amount than the cash we distribute, you may be required to pay federal income taxes and, in some cases, state and local income taxes on your share of our taxable income even if you receive no cash distributions from us. You may not receive cash distributions from us equal to your share of our taxable income or even equal to the actual tax liability resulting from that income.

Tax gain or loss on disposition of our common units could be more or less than expected.

If you sell your common units, you will recognize a gain or loss equal to the difference between your amount realized and your tax basis in those common units. Because distributions in excess of your allocable share of our total net taxable income decrease your tax basis in your common units, the amount, if any, of such prior excess distributions with respect to the units you sell will, in effect, become taxable income to you if you sell such units at a price greater than your tax basis in those units, even if the price you receive is less than your original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if you sell your units, you may incur a tax liability in excess of the amount of cash you receive from the sale.

A substantial portion of the amount realized from the sale of your common units, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depreciation recapture. Thus, you may recognize both ordinary income and capital loss from the sale of your units if the amount realized on the sale of your units is less than your adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to \$3,000 of ordinary income per year. In the taxable period in which you sell your units, you may recognize ordinary income from our allocation of income and gain to you prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning common units that may result in adverse tax consequences to them.

Investment in common units by tax-exempt entities, such as employee benefit plans individual retirement accounts (known as IRAs) and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file United States federal tax returns and pay tax on their share of our taxable income. If you are a tax-exempt entity or a non-U.S. person, you should consult your tax advisor before investing in our common units.

We treat each purchaser of common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Due to a number of factors, including our inability to match transferors and transferees of common units, we take depreciation and amortization positions that may not conform to all aspects of the existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to your tax returns.

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We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, which could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may, from time to time, consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the timing or amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to have terminated our partnership for federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been met, multiple sales of the same interest will be counted only once. Our termination would, among other things, result in the closing of our taxable year for all unitholders which would result in our filing two tax returns for one fiscal year and could result in a deferral of depreciation deductions allowable in computing our taxable income. In the case of a unitholder reporting on a taxable year other than a calendar year, the closing of our taxable year may result in more than twelve months of our taxable income or loss being includable in his taxable income for the year of termination. Our termination currently would not affect our classification as a partnership for federal income tax purposes, but instead, we would be treated as a new partnership for tax purposes. If treated as a new partnership, we must make new tax elections and could be subject to penalties if we are unable to determine that a termination occurred. The IRS has recently announced a relief procedure whereby if a publicly traded partnership that has technically terminated requests and the IRS grants special relief, among other things, the partnership will be required to provide only a single Schedule K-1 to unitholders for the tax years in which the termination occurs.

A unitholder whose units are the subject of a securities loan (e.g., a loan to a short seller to cover a short sale of units) may be considered as having disposed of those units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose units are the subject of a securities loan may be considered as having disposed of the loaned units. In that case, you may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. Nonetheless, we allocate certain deductions for depreciation of capital additions based upon the date the underlying property is put in service. The U.S. Department of the Treasury recently adopted final Treasury Regulations allowing a similar monthly simplifying convention for taxable years beginning on or after August 3, 2015. However, such regulations do not specifically authorize the use of the proration method we have previously adopted, and may not specifically authorize all aspects of our proration method thereafter. If the IRS were to challenge are proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

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You will likely be subject to state and local taxes and filing requirements in jurisdictions where you do not live as a result of an investment in units.

In addition to federal income taxes, you will likely be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property, even if you do not live in any of those jurisdictions. You will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these jurisdictions. Further, you may be subject to penalties for failure to comply with those requirements. We own assets or conduct business in the majority of states and in Puerto Rico. Most of these various jurisdictions currently impose, or may in the future impose, an income tax on individuals, corporations and other entities. As we make acquisitions or expand our business, we may own assets or do business in additional states that impose a personal income tax. It is your responsibility to file all United States federal, state and local tax returns.

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PART II

ITEM 6. SELECTED FINANCIAL DATA (Revised)

As discussed in the Explanatory Note to this Form 10-K/A (the Explanatory Note) and Note 2, *Restatement of Previously Issued Consolidated Financial Statements*, in the Partnership's consolidated financial statements included in Item 8, the consolidated financial statements of the Partnership as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015 have been revised to give effect to the Restatement.

Accordingly, the 2015 and 2014 selected consolidated financial data presented in the table below has been revised to give effect to the Restatement, as derived from the Partnership's audited consolidated financial statements included in Item 8. In addition, certain of the accounting errors discussed in the Explanatory Note and Note 2, *Restatement of Previously Issued Consolidated Financial Statements*, in the Partnership's consolidated financial statements included in Item 8, were determined by management to be material to the Partnership's consolidated financial statements as of December 31, 2013, 2012 and 2011, and for the two years in the period ended December 31, 2012. Accordingly, the 2013, 2012 and 2011 selected consolidated financial data presented in the table below has also been revised to give effect to the material errors associated with the Restatement. In addition, as previously disclosed in the Original Filing, the 2013 and 2011 selected financial data presented in the table below has been recast to retrospectively reflect adjustments made to our initial assessment of the net values of assets and liabilities acquired in acquisitions.

The following tables should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 and the Partnership's audited consolidated financial statements included in Item 8.

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	As of and for the Years Ended December 31,				
	2015	2014	2013	2012	2011
	(in thousands, except for per unit data)				
	(As restated)				
STATEMENT OF OPERATIONS DATA:				(1)	(2)
Revenues:					
Cemetery:					
Merchandise	\$ 143,044	\$ 145,922	\$ 118,936	\$ 120,015	\$ 116,201
Services	59,176	54,557	46,388	48,067	48,831
Investment and other	59,595	54,624	45,247	45,563	40,946
Funeral home:					
Merchandise	26,722	21,060	18,922	15,551	12,810
Services	31,048	27,626	26,033	20,128	17,594
Total revenues	319,585	303,789	255,526	249,324	236,382
Costs and Expenses:					
Cost of goods sold	52,019	47,311	38,522	37,254	34,517
Cemetery expense	71,296	64,672	57,566	55,410	57,145
Selling expense	58,884	55,277	47,832	46,878	45,291
General and administrative expense	36,371	35,110	31,873	28,928	29,544
Corporate overhead	38,609	34,723	29,926	31,292	28,370
Depreciation and amortization	12,803	11,081	9,548	9,431	8,534
Funeral home expenses:					
Merchandise	6,928	6,659	5,569	5,200	4,473
Services	22,959	20,470	19,190	14,574	11,717
Other	17,526	12,581	10,895	8,951	7,364
Total cost and expenses	317,395	287,884	250,921	237,918	226,955
Operating income	2,190	15,905	4,605	11,406	9,427
Gain on acquisitions and divestitures	1,540	656	2,685	122	92
Gain on settlement agreement, net		888	12,261	1,737	
Legal settlement	(3,135)				
Loss on early extinguishment of debt		(214)	(21,595)		(4,463)
Loss on impairment of long-lived assets	(296)	(440)			
Interest expense	(22,585)	(21,610)	(21,070)	(20,503)	(19,198)
Loss before income taxes	(22,286)	(4,815)	(23,114)	(7,238)	(14,142)
Income tax benefit (expense)	(938)	(4,057)	3,514	1,620	4,198
Net loss	\$ (23,224)	\$ (8,872)	\$ (19,600)	\$ (5,618)	\$ (9,944)
Net loss per limited partner unit (basic and diluted)	\$ (0.88)	\$ (0.41)	\$ (0.98)	\$ (0.33)	\$ (0.56)
BALANCE SHEET DATA (at period end):					
Cemetery property	\$ 334,457	\$ 332,659	\$ 309,234	\$ 305,357	\$ 296,601
Total assets	\$ 1,694,357	\$ 1,699,454	\$ 1,475,405	\$ 1,345,470	\$ 1,252,145

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Deferred revenues	\$ 815,421	\$ 800,288	\$ 720,863	\$ 634,581	\$ 580,257
Total debt, net of deferred financing costs	\$ 318,839	\$ 278,540	\$ 283,624	\$ 245,711	\$ 186,505
Total partners' capital	\$ 181,546	\$ 205,610	\$ 102,754	\$ 130,942	\$ 178,255

CASH FLOW DATA:

Net cash flow provided by operating activities	\$ 4,062	\$ 19,448	\$ 35,077	\$ 31,896	\$ 5,466
Net cash flow used in investing activities	\$ (34,139)	\$ (123,658)	\$ (26,697)	\$ (39,948)	\$ (29,186)
Net cash flow provided by (used in) financing activities	\$ 34,829	\$ 102,436	\$ (4,151)	\$ 3,940	\$ 28,243
Change in assets and liabilities:					
Net cash flow used in the change to merchandise trust assets	\$ (52,332)	\$ (28,828)	\$ (36,919)	\$ (11,806)	\$ (23,889)
Cash paid for capital expenditures	\$ (15,339)	\$ (14,574)	\$ (12,752)	\$ (11,972)	\$ (13,166)

- (1) The net impact of the material errors associated with the Restatement as of and for the year ended December 31, 2012 was an increase of \$6.7 million in total revenues, a decrease of \$2.4 million in operating income, an increase in net loss of \$2.6 million, an increase of 18 cents in net loss per limited partner unit (basic and diluted), a decrease of \$4.6 million in cemetery property, an increase of \$11.0 million in total assets, an increase of \$136.7 million in deferred revenues, and a decrease of \$4.2 million in total partners' capital. The Restatement adjustments affecting the consolidated statement of cash flows for the year ended December 31, 2012 are included in the Partnership's net loss from operations and are offset by changes in operating assets and liabilities. There were no adjustments related to cash provided by or used in investing and financing activities.
- (2) The net impact of the material errors associated with the Restatement as of and for the year ended December 31, 2011 was an increase of \$8.0 million in total revenues, a decrease of \$0.4 million in operating income, an increase in net loss of \$0.2 million, an increase of 6 cents in net loss per limited partner unit (basic and diluted), a decrease of \$2.3 million in cemetery property, an increase of \$12.2 million in total assets, an increase of \$138.6 million in deferred revenues, and a decrease of \$2.0 million in total partners' capital. The Restatement adjustments affecting the consolidated statement of cash flows for the year ended December 31, 2011 are included in the Partnership's net loss from operations and are offset by changes in operating assets and liabilities. There were no adjustments related to cash provided by or used in investing and financing activities.

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	Years Ended December 31,				
	2015	2014	2013	2012	2011
OPERATING DATA:					
Interments performed	54,837	50,566	45,470	45,128	45,236
Interment rights sold (1)					
Lots	33,262	31,774	27,339	26,638	26,403
Mausoleum crypts (including pre-construction)	2,205	2,186	2,108	2,206	2,518
Niches	1,619	1,466	1,096	985	1,126
Net interment rights sold (1)	37,086	35,426	30,543	29,829	30,047
Number of cemetery contracts written	113,696	103,859	97,220	96,308	100,289
Cemetery contract revenues, in thousands	\$ 262,383	\$ 238,331	\$ 214,857	\$ 207,783	\$ 202,290
Average amount per contract	\$ 2,308	\$ 2,295	\$ 2,210	\$ 2,157	\$ 2,017
Number of pre-need cemetery contracts written	52,228	48,585	48,272	47,186	49,533
Pre-need cemetery contract revenues, in thousands (1)	\$ 158,806	\$ 145,607	\$ 134,857	\$ 128,437	\$ 122,789
Average amount per pre-need contract	\$ 3,041	\$ 2,997	\$ 2,794	\$ 2,722	\$ 2,479
Number of at-need cemetery contracts written	61,468	55,274	48,948	49,122	50,756
At-need cemetery contract revenues, in thousands (1)	\$ 103,577	\$ 92,724	\$ 80,000	\$ 79,346	\$ 79,501
Average amount per at-need contract	\$ 1,685	\$ 1,678	\$ 1,634	\$ 1,615	\$ 1,566

(1) Net of cancellations. Sales of double-depth burial lots are counted as two sales.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (REVISED)

As discussed in the Explanatory Note to this Form 10-K/A and Note 2, *Restatement of Previously Issued Consolidated Financial Statements*, in the Partnership's consolidated financial statements included in Item 8 to this Form 10-K/A, the consolidated financial statements of the Partnership as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015 have been revised to give effect to the Restatement. Accordingly, the discussion and analysis below for the years ended December 31, 2015, 2014, and 2013 has been revised to give effect to the Restatement. The revised discussion and analysis presented below provides information to assist in understanding our financial condition and results of operations, and should be read in conjunction with the Partnership's selected consolidated financial data included in Item 6 and the Partnership's consolidated financial statements included in Item 8.

Certain statements contained in this Form 10-K/A, including, but not limited to, information regarding our operating activities, the plans and objectives of our management, and assumptions regarding our future performance and plans are forward-looking statements. When used in this Form 10-K/A, the words *believes*, *anticipates*, *expects* and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on management's expectations and estimates. These statements are neither promises nor guarantees and are made subject to certain risks and uncertainties that could cause actual results to differ materially from the results stated or implied in this Form 10-K/A.

Our major risks are related to uncertainties associated with the cash flow from pre-need and at-need sales, trusts and financings, which may impact our ability to meet our financial projections, service our debt, pay distributions, and increase our distributions, as well as with our ability to maintain an effective system of internal control over financial reporting and disclosure controls and procedures.

Our additional risks and uncertainties include, but are not limited to, the following: uncertainties associated with future revenue and revenue growth; uncertainties associated with the integration or anticipated benefits of recent acquisitions or any future acquisitions; our ability to complete and fund additional acquisitions; the effect of economic downturns; the impact of our significant leverage on our operating plans; the decline in the fair value of certain equity and debt securities held in trusts; our ability to attract, train and retain an adequate number of sales people; uncertainties associated with the volume and timing of pre-need sales of cemetery services and products; increased use of cremation; changes in the death rate; changes in the political or regulatory environments, including potential changes in tax accounting and trusting policies; our ability to successfully implement a strategic plan relating to achieving operating improvements, strong cash flows and further deleveraging; our ability to successfully compete in the cemetery and funeral home industry; litigation or legal proceedings that could expose us to significant liabilities and damage our reputation; the effects of cyber security attacks due to our significant reliance on information technology; uncertainties relating to the financial condition of third-party insurance companies that fund our pre-need funeral contracts; and various other uncertainties associated with the death care industry and our operations in particular.

Our risks and uncertainties are more particularly described in Item 1A. Risk Factors of the Original Filing and this Form 10-K/A. Readers are cautioned not to place undue reliance on forward-looking statements included in this Form 10-K/A, which speak only as of the date the statements were made. Except as required by applicable laws, we undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW

We are a publicly-traded Delaware master-limited partnership (MLP) and provider of funeral and cemetery products and services in the death care industry in the United States. As of December 31, 2015, we operated 307 cemeteries in 27 states and Puerto Rico, of which 276 are owned and 31 are operated under lease, management or operating agreements. We also owned and operated 105 funeral homes in 19 states and Puerto Rico.

FINANCIAL PRESENTATION

Our consolidated balance sheets at December 31, 2015 and December 31, 2014, and the consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013 include our accounts and our wholly-owned subsidiaries. Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the consolidated balance sheets and related consolidated statements of operations. Actual balances and results could be different from those estimates. All significant intercompany transactions and balances have been eliminated in the consolidation of the financial statements.

RECENT DEVELOPMENTS

Acquisition Activity

During the year ended December 31, 2015, we acquired three cemeteries in Illinois, one cemetery in Florida, three funeral homes in Illinois and four funeral homes in Florida for an aggregate purchase price of \$19.7 million.

Public Offering of Common Units

On July 10, 2015, we completed a follow-on public offering of 2,415,000 common units at a public offering price of \$29.63 per unit. Net proceeds of the offering, after deducting underwriting discounts and offering expenses, were approximately \$67.9 million. The proceeds were utilized to pay down outstanding borrowings under our credit facility.

ATM Equity Program

On November 19, 2015, we entered into an equity distribution agreement (ATM Equity Program) with a group of banks (the Agents) whereby we may sell, from time to time, common units representing limited partner interests having an aggregate offering price of up to \$100,000,000. Sales of common units, if any, may be made in negotiated transactions or transactions that are deemed to be at-the-market (ATM) offerings as defined in Rule 415 of the Securities Act, including sales made directly on the New York Stock Exchange, the existing trading market for the common units, or sales made to or through the market maker other than on an exchange or through an electronic communications network. We will pay each of the Agents a commission, which in each case shall not be more than 2.0% of the gross sales price of common units sold through such Agent. During the year ended December 31, 2015, we issued 277,667 common units under the ATM program for net proceeds of \$7.5 million.

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SUBSEQUENT EVENTS

On January 26, 2016, we announced a quarterly cash distribution of \$0.66 per common unit pertaining to the results for the fourth quarter of 2015. The distribution was paid on February 12, 2016 to common unit holders of record as of the close of business on February 5, 2016.

Subsequent to December 31, 2015, we issued 474,657 common units under our ATM Equity Program for net proceeds of approximately \$12.4 million. No issuances occurred during February 2016.

REVENUE RECOGNITION

Cemetery Operations

Our cemetery revenues are principally derived from sales of interment rights, merchandise and services. These sales occur both at the time of death, which we refer to as at-need, and prior to the time of death, which we refer to as pre-need. Pre-need sales are typically sold on an installment plan. At-need cemetery sales and pre-need merchandise and services sales are recognized as revenue when the merchandise is delivered or the service is performed. For pre-need sales of interment rights, we recognize the associated revenue when we have collected 10% of the sales price from the customer. We consider our cemetery merchandise delivered to our customer when it is either installed or ready to be installed and delivered to a third-party storage facility until it is needed, with ownership transferred to the customer at that time. Pre-need sales that have not yet been recognized as revenue are recognized as deferred revenues, a liability on our consolidated balance sheet. Direct costs associated with pre-need sales that are recognized as deferred revenues, such as sales commissions, are recognized as deferred selling and obtaining costs, an asset on our consolidated balance sheet, until the merchandise is delivered or the services are performed.

Funeral Home Operations

Our funeral home revenues are principally derived from at-need and pre-need sales of merchandise and services. Pre-need sales are typically sold on an installment plan. Both at-need and pre-need funeral home sales are recognized as revenue when the merchandise is delivered or the service is performed. Pre-need sales that have not yet been recognized as revenue are recognized as deferred revenues, a liability on our consolidated balance sheet. Direct costs associated with pre-need sales that are recognized as deferred revenues, such as sales commissions, are recognized as deferred selling and obtaining costs, an asset on our consolidated balance sheet, until the merchandise is delivered or the services are performed. Our funeral home operations also include revenues related to the sale of term and final expense whole life insurance. As an agent for these insurance sales, we earn and recognize commission-related revenue streams from the sales of these policies.

Trust Investment Income

Sales of cemetery and funeral home merchandise and services are subject to state law. Under these laws, which vary by state, a portion of the cash proceeds received from the sale of interment rights and pre-need sales of cemetery and funeral home merchandise and services are required to be deposited into trusts. For sales of interment rights, a portion of the cash proceeds received are required to be deposited into a perpetual care trust. While the principal balance of the perpetual care trust must remain in the trust in perpetuity, we recognize investment income on such assets as revenue, excluding realized gains and losses from the sale of trust assets. For sales of cemetery and funeral home merchandise and services, a portion of the cash proceeds received are required to be deposited into a merchandise trust until the merchandise is delivered or the services are performed, at which time the funds deposited, along with the associated investment income, may be withdrawn. Investment income from assets held in the merchandise trust is

recognized as revenues when withdrawn. Amounts deposited into trusts are invested by third-party investment managers who are selected by the Trust Committee of the board of directors of our general partner. These investment managers are required to invest our trust funds in accordance with applicable state law and internal investment guidelines adopted by the Trust Committee. Our investment managers are monitored by third-party investment advisors selected by the Trust Committee who advise the committee on the determination of asset allocations, evaluate the investment managers and provide detailed monthly reports on the performance of each merchandise and perpetual care trust.

GENERAL TRENDS AND OUTLOOK

We expect our business to be affected by key trends in the deathcare industry, based upon assumptions made by us and information currently available. Deathcare industry factors affecting our financial position and results of operations include, but are not limited to, demographic trends in terms of population growth and average age, which impacts death rates and number of deaths, increasing cremation trends, and increasing memorialization trends. In addition, we are subject to fluctuations in the fair value of equity and fixed-maturity debt securities held in our trusts. These values can be negatively impacted by contractions in the credit market and overall downturns in economic activity. Our ability to make payments on our debt and our ability to make cash distributions to our unitholders depends on our success at managing these industry trends. To the extent our underlying assumptions about or interpretations of available information prove to be incorrect, our actual results may vary materially from our expected results.

Table of Contents**RESULTS OF OPERATIONS**

We have revised our segment reporting from prior presentations based on how we currently manage our operations and make business decisions. We now have two distinct reportable segments, which are classified as Cemetery Operations and Funeral Homes, and are supported by corporate costs and expenses.

Cemetery Operations**Overview**

We are currently the second largest owner and operator of cemeteries in the United States. As of December 31, 2015, we operated 307 cemeteries in 27 states and Puerto Rico. We own 276 of these cemeteries and we manage or operate the remaining 31 under lease, operating or management agreements. Revenues from cemetery operations accounted for approximately 81.9% of our total revenues during the year ended December 31, 2015.

Operating Results

The following table presents operating results for our cemetery operations for the respective reporting periods (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Merchandise	\$ 143,044	\$ 145,922	\$ 118,936
Services	59,176	54,557	46,388
Interest income	8,671	7,628	6,926
Investment and other	50,924	46,996	38,321
Total revenue	261,815	255,103	210,571
Cost of goods sold	52,019	47,311	38,522
Cemetery expense	71,296	64,672	57,566
Selling expense	58,884	55,277	47,832
General and administrative expense	36,371	35,110	31,873
Total cost and expenses	218,570	202,370	175,793
Operating income	\$ 43,245	\$ 52,733	\$ 34,778

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Cemetery merchandise revenues were \$143.0 million for the year ended December 31, 2015, a decrease of \$2.9 million from \$145.9 million for the year ended December 31, 2014, primarily related to a decrease in recognized revenues from contracts assumed in acquisitions. Cemetery services revenues were \$59.2 million for the year ended December 31, 2015, an increase of \$4.6 million from \$54.6 million for the year ended December 31, 2014. This increase was primarily due to a \$4.7 million increase in opening and closing service revenues, principally from the Archdiocese of Philadelphia properties we operate and other acquisitions completed during calendar year 2014. Interest income was \$8.7 million for the year ended December 31, 2015, an increase of \$1.1 million from the year

ended December 31, 2014, which was primarily due to a larger average accounts receivable balance during calendar year 2015. Investment and other income was \$50.9 million for the year ended December 31, 2015, an increase of \$3.9 million from \$47.0 million for the year ended December 31, 2014. This increase was primarily attributable to perpetual care trust income, which was \$15.9 million for the year ended December 31, 2015, representing a \$3.2 million increase from \$12.7 million earned during the year ended December 31, 2014. The increase in perpetual care trust earnings is attributed to a combination of growth in invested capital throughout 2015 and favorable returns provided by income-producing securities. In addition, merchandise trust income was \$13.2 million for the year ended December 31, 2015, an increase of \$0.3 million from \$12.9 million for the year ended December 31, 2014. This change is primarily attributable to increases in overall contract servicing, because accumulated merchandise trust revenues are recognized in tandem with the delivery of the underlying merchandise or performance of the underlying services. The remaining \$0.4 million increase in investment and other income is attributed to changes in revenue derived from large land sales, document-processing fees and other miscellaneous cemetery revenues.

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Cost of goods sold was \$52.0 million for the year ended December 31, 2015, an increase of \$4.7 million from \$47.3 million for the year ended December 31, 2014. This increase consisted principally of a land sale that occurred during 2015 that had a cost basis of \$1.8 million, a \$0.9 million increase in perpetual care trusting costs due to an increase in burial right values, and changes in the value and mix of products and property rights sold.

Cemetery expenses were \$71.3 million for the year ended December 31, 2015, an increase of \$6.6 million from \$64.7 million for the year ended December 31, 2014. This increase was principally due to a \$4.2 million increase in personnel costs, a \$1.3 million increase in repairs and maintenance expenses and \$0.9 million increase in real estate tax expense. These increases were principally due to costs associated with properties acquired during the periods.

Selling expenses were \$58.9 million for the year ended December 31, 2015, an increase of \$3.6 million from \$55.3 million for the year ended December 31, 2014. This increase was primarily due to a \$2.9 million increase in commissions and personnel costs and a \$0.4 million increase in advertising and marketing expenses.

General and administrative expenses were \$36.4 million for the year ended December 31, 2015, an increase of \$1.3 million from \$35.1 million for the year ended December 31, 2014. This increase was principally due to a \$1.5 million increase in personnel costs and a \$1.2 million increase in insurance costs, partially offset by a \$1.6 million decrease in professional fees and legal costs. The increases were primarily due to costs associated with properties acquired during the periods.

Year Ended December 31, 2014 Compared with the Year Ended December 31, 2013

Cemetery merchandise revenues were \$145.9 million for the year ended December 31, 2014, an increase of \$27.0 million from \$118.9 million for the year ended December 31, 2013. The increase was principally due to a significant increase in lot, vault, crypt, niche and marker revenues, primarily from the Archdiocese of Philadelphia properties and other acquisitions completed during calendar year 2014. Cemetery service revenues were \$54.6 million for the year ended December 31, 2014, an increase of \$8.2 million from \$46.4 million for the year ended December 31, 2013. This increase was primarily due to a \$6.7 million increase in opening and closing service revenues, principally from the properties acquired during calendar year 2014, and a \$0.8 million increase in marker installation revenues. Investment and other income was \$47.0 million for the year ended December 31, 2014, an increase of \$8.7 million from \$38.3 million for the year ended December 31, 2013. This increase was primarily due to a \$4.0 million increase in large land sale revenues and a \$3.1 million increase in trust income due to higher invested capital amounts in both of our trusts and increased income withdrawals from our merchandise trusts. The remaining \$1.6 million increase in investment and other income is attributed to changes in revenue derived from document-processing fees from higher contract volume and other miscellaneous cemetery revenues. Interest income was \$7.6 million for the year ended December 31, 2014, a \$0.7 million increase from \$6.9 million for the year ended December 31, 2013, which was primarily due to a larger average accounts receivable balance during calendar year 2014.

Cost of goods sold was \$47.3 million for the year ended December 31, 2014, an increase of \$8.8 million from \$38.5 million for the year ended December 31, 2013. This increase consisted principally of a \$2.0 million increase in perpetual care trusting costs due to an increase in burial right values and correlative increases in the cost of property and merchandise sold, including costs related to increased servicing of contracts assumed in recent acquisitions.

Cemetery expenses were \$64.7 million during the year ended December 31, 2014, an increase of \$7.1 million, from \$57.6 million for the year ended December 31, 2013. This increase was principally due to a \$1.7 million increase in repairs and maintenance expense, a \$5.0 million increase in personnel costs and a \$0.7 million increase in utility and fuel costs, partially offset by a \$0.3 million decrease in real estate tax expense. These increases were principally due to costs associated with properties acquired during the periods.

Selling expenses were \$55.3 million for the year ended December 31, 2014, an increase of \$7.5 million from \$47.8 million for the year ended December 31, 2013. This increase was primarily due to a \$4.9 million increase in commissions and personnel costs, a \$2.4 million increase in advertising and telemarketing costs and a \$0.2 million increase in travel expenses.

General and administrative expenses were \$35.1 million for the year ended December 31, 2014, an increase of \$3.2 million, from \$31.9 million for the year ended December 31, 2013. The increase was due to a \$1.7 million increase in personnel costs and a \$1.5 million increase in legal costs.

Table of Contents**Funeral Home Operations****Overview**

As of December 31, 2015, we owned and operated 105 funeral homes. These properties are located in 19 states and Puerto Rico. Revenues from funeral home operations accounted for approximately 18.1% of our total revenues during the year ended December 31, 2015.

Operating Results

The following table presents operating results for our funeral home operations for the respective reporting periods (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Merchandise	\$ 26,722	\$ 21,060	\$ 18,922
Services	31,048	27,626	26,033
Total revenue	57,770	48,686	44,955
Merchandise	6,928	6,659	5,569
Service	22,959	20,470	19,190
Other	17,526	12,581	10,895
Total expenses	47,413	39,710	35,654
Operating income	\$ 10,357	\$ 8,976	\$ 9,301

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Funeral home merchandise revenues were \$26.7 million for the year ended December 31, 2015, an increase of \$5.6 million from \$21.1 million for the year ended December 31, 2014. Funeral home service revenues were \$31.0 million for the year ended December 31, 2015, a \$3.4 million increase from \$27.6 million for the year ended December 31, 2014. Both increases were due principally to properties acquired during the periods.

Funeral home expenses were \$47.4 million for the year ended December 31, 2015, an increase of \$7.7 million from \$39.7 million for the year ended December 31, 2014. This increase principally consists of a \$2.5 million increase in personnel costs, a \$2.6 million increase in costs associated with insurance-related sales, a \$0.7 million increase in facility costs, and a \$0.3 million increase in merchandise costs. These increases were principally due to costs associated with properties acquired during the periods.

Year Ended December 31, 2014 Compared with the Year Ended December 31, 2013

Funeral home merchandise revenues were \$21.1 million for the year ended December 31, 2014, an increase of \$2.2 million from \$18.9 million for the year ended December 31, 2013. Funeral home service revenues were \$27.6 million for the year ended December 31, 2014, an increase of \$1.6 million from \$26.0 million for the year ended December 31, 2013. Both increases were due principally to properties acquired during the periods.

Funeral home expenses were \$39.7 million for the year ended December 31, 2014, an increase of \$4.0 million from \$35.7 million for the year ended December 31, 2013. This increase principally consisted of a \$1.3 million increase in personnel expenses, a \$1.1 million increase in merchandise costs and a \$1.2 million increase in facility costs.

Corporate Overhead

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Corporate overhead expense was \$38.6 million for the year ended December 31, 2015, an increase of \$3.9 million from \$34.7 million for the year ended December 31, 2014. This increase was due to a \$1.0 million increase in acquisition-related costs, a \$0.6 million increase in corporate advertising, a \$0.5 million increase in personnel costs and a \$0.4 million increase in non-cash compensation expense.

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Year Ended December 31, 2014 Compared with the Year Ended December 31, 2013

Corporate overhead expense was \$34.7 million for the year ended December 31, 2014, an increase of \$4.8 million from \$29.9 million for the year ended December 31, 2013. This increase was principally due to a \$3.0 million increase in professional fees, a \$1.2 million increase in acquisition related costs, and a \$0.5 million increase in information technology costs, partially offset with a decrease of \$0.5 million in personnel costs.

Depreciation and amortization

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Depreciation and amortization expense was \$12.8 million for the year ended December 31, 2015, an increase of \$1.7 million from \$11.1 million for the year ended December 31, 2014. The increase was principally due to additional depreciation and amortization from assets acquired in our recent acquisitions and the lease and management agreements with the Archdiocese of Philadelphia.

Year Ended December 31, 2014 Compared with the Year Ended December 31, 2013

Depreciation and amortization expense was \$11.1 million for the year ended December 31, 2014, an increase of \$1.6 million from \$9.5 million for the year ended December 31, 2013. The increase was principally due to additional depreciation and amortization from assets acquired in our recent acquisitions and the lease and management agreements with the Archdiocese of Philadelphia.

Other gains and losses

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

For the year ended December 31, 2015, other gains and losses included a \$1.5 million gain on acquisition, a \$3.1 million loss on legal settlement, and a \$0.3 million loss on impairment of long-lived assets. For the year ended December 31, 2014, other gains and losses included a \$0.4 million gain on acquisition, a \$0.9 million gain on settlement agreement, a \$0.2 million gain on asset sales, a \$0.2 million loss on early extinguishment of debt, and a \$0.4 million loss on impairment of long-lived assets. The \$3.1 million loss on legal settlement recognized during calendar year 2015 pertained to the legal settlement of a Fair Labor Standards Act claim. The \$0.9 million gain on settlement recognized during calendar year 2014, for which \$12.3 million was also recognized during calendar year 2013 for the same matter, was related to the settlement of claims associated with certain properties acquired in prior years.

Year Ended December 31, 2014 Compared with the Year Ended December 31, 2013

For the year ended December 31, 2014, other gains and losses included a \$0.4 million gain on acquisition, a \$0.9 million gain on settlement agreement, a \$0.2 million gain on asset sales, a \$0.2 million loss on early extinguishment of debt, and a \$0.4 million loss on impairment of long-lived assets. For the year ended December 31, 2013, other gains and losses included a \$2.5 million gain on acquisition, a \$12.3 million gain on settlement agreement, a \$0.2 million gain on asset sales, and a \$21.6 million loss on early extinguishment of debt. Each of the aforementioned gains and losses are transaction specific and generally do not correlate to our operating performance. The loss on early extinguishment of debt recognized during calendar year 2013 pertained to our early repayment of \$150.0 million of our 10.25% Senior Notes due 2017 and the incurrence of \$14.9 million of tender premiums and the write-off of \$6.7 million of unamortized fees and discounts related to these notes.

Interest expense

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Interest expense was \$22.6 million for the year ended December 31, 2015, an increase of \$1.0 million from \$21.6 million for the year ended December 31, 2014. This increase was principally due to an increase in interest expense on amounts outstanding under the credit facility, which had higher average amounts outstanding during the calendar year 2015 than the prior year.

Year Ended December 31, 2014 Compared with the Year Ended December 31, 2013

Interest expense was \$21.6 million for the year ended December 31, 2014, an increase of \$0.5 million from \$21.1 million for the year ended December 31, 2013. This increase was principally due to an increase in discount accretion expense related to the obligation for the lease and management agreements with the Archdiocese of Philadelphia and amortization of deferred finance fees relating to our recent amendments to the revolving credit facility. This increase was partially offset by a reduction in interest expense related to our senior notes, which have a lower interest rate than the prior senior notes that were refinanced in the second quarter of 2013.

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Income tax benefit (expense)

Year Ended December 31, 2015 Compared with the Year Ended December 31, 2014

Income tax expense was \$0.9 million for the year ended December 31, 2015 compared to \$4.1 million for the prior year. Our effective tax rate differs from our statutory tax rate primarily because our legal entity structure includes different tax filing entities, including a significant number of partnerships that are not subject to paying tax.

Year Ended December 31, 2014 Compared with the Year Ended December 31, 2013

We had an income tax expense of \$4.1 million for the year ended December 31, 2014, compared to an income tax benefit of \$3.5 million during 2013. The increase in income tax expense was primarily due to revised estimates regarding the usage of our federal net operating loss carryforwards. Our effective tax rate differs from our statutory tax rate primarily because our legal entity structure includes different tax filing entities, including a significant number of partnerships that are not subject to paying tax.

LIQUIDITY AND CAPITAL RESOURCES

General

Our primary sources of liquidity are cash generated from operations and borrowings under our revolving credit facility. Our primary cash requirements, in addition to normal operating expenses, are for debt service, capital expenditures and cash distributions. In general, we expect to fund:

cash distributions and maintenance capital expenditures through existing cash and cash flows from operating activities;

expansion capital expenditures and working capital deficits through cash generated from operations and additional borrowings; and

debt service obligations through additional borrowings or by the issuance of additional limited partner units or asset sales.

We rely on cash flow from operations, borrowings under our credit facility and the issuance of additional limited partner units to execute our growth strategy and meet our financial commitments and other short-term financial needs. We cannot be certain that additional capital will be available to us to the extent required and on acceptable terms.

We believe that we will have sufficient liquid assets, cash from operations and borrowing capacity to meet our financial commitments, debt service obligations, contingencies and anticipated capital expenditures for at least the next twelve-month period. However, we are subject to business, operational and other risks that could adversely affect our cash flow. We may supplement our cash generation with proceeds from financing activities, including borrowings under our credit facility and other borrowings, the issuance of additional limited partner units, and the sale of assets and other transactions.

Cash Flows - Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Net cash flows provided by operating activities were \$4.1 million during the year ended December 31, 2015, a decrease of \$15.4 million from \$19.5 million during the year ended December 31, 2014. The \$15.4 million unfavorable movement in net cash provided by operating activities resulted from an \$10.6 million unfavorable movement in net income excluding non-cash items and a \$4.8 million unfavorable movement in working capital. The unfavorable movement in net income excluding non-cash items was due principally to the recognition of a \$3.1 million loss on legal settlement during calendar year 2015 and the growth of our partnership and certain expenses during calendar 2015, including general and administrative expenses and corporate overhead, although the majority of cemetery pre-need sales associated with that growth did not meet the delivery criteria for revenue recognition. The unfavorable movement in working capital was due principally to increased contributions to trusts due to increases in pre-need sales between periods, partially offset by other movements in assets and liabilities due to timing differences.

Net cash used in investing activities was \$34.1 million during the year ended December 31, 2015, a decrease of \$89.6 million from \$123.7 million during the year ended December 31, 2014. Net cash used for investing activities during calendar year 2015 consisted of \$18.8 million for acquisitions and \$15.3 million for capital expenditures. Net cash used for investing activities during calendar year 2014 principally consisted of \$56.4 million for acquisitions, \$53.0 million of up-front rent for the transaction with the Archdiocese of Philadelphia and \$14.6 million for capital expenditures.

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Net cash flows provided by financing activities were \$34.8 million for the year ended December 31, 2015 compared with \$102.4 million for the year ended December 31, 2014. Cash flows provided by financing activities during calendar year 2015 consisted primarily of \$75.2 million of net proceeds from the issuance of common units and \$37.3 million of net borrowings, partially offset by cash distributions to unit holders of \$77.5 million. Cash flows provided by financing activities during calendar year 2014 consisted of \$173.5 million of net proceeds from the issuance of common units, partially offset by net repayments of long-term debt of \$5.3 million, financing costs incurred of \$3.0 million, and cash distributions to unit holders of \$62.8 million.

Cash Flows - Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Net cash flows provided by operating activities were \$19.5 million during the year ended December 31, 2014, a decrease of \$15.6 million compared with \$35.1 million during the year ended December 31, 2013. The \$15.6 million unfavorable movement in net cash provided by operating activities resulted from a \$4.0 million unfavorable movement in net income excluding non-cash items and an \$11.6 million unfavorable movement in working capital. The unfavorable movement in net income excluding non-cash items was due principally to a \$12.1 million gain on settlement agreement recognized during calendar year 2013, partially offset by the growth of our partnership due to additional properties acquired during the periods. The unfavorable movement in working capital was due principally to movements in current assets and liabilities due to timing differences.

Net cash used in investing activities was \$123.7 million during the year ended December 31, 2014, an increase of \$97.0 million compared with \$26.7 million during the year ended December 31, 2013. Cash flows used for investing activities during calendar year 2014 consisted principally of \$56.4 million for acquisitions, \$53.0 million of up-front rent for the transaction with the Archdiocese of Philadelphia and \$14.6 million for capital expenditures. Cash flows used for investing activities during calendar year 2013 consisted principally of \$14.1 million for acquisitions and \$12.8 million for capital expenditures.

Net cash flows provided by financing activities were \$102.4 million during the year ended December 31, 2014, compared with \$4.1 million net cash used in financing activities during the year ended December 31, 2013. Cash flows provided by financing activities during calendar year 2014 consisted of \$173.5 million of net proceeds from the issuance of common units, partially offset by net repayments of long-term debt of \$5.3 million, financing costs incurred of \$3.0 million, and cash distributions to unit holders of \$62.8 million. Cash flows provided by financing activities during calendar year 2013 consisted of \$38.4 million of net proceeds from the issuance of common units and \$29.6 million net long-term borrowings, inclusive of the issuance of \$175.0 million of Senior Notes to repay our existing \$150.0 million of senior notes. These increases were partially offset by the incurrence of \$14.9 million of fees associated with the retirement of our existing senior notes, incurred financing costs of \$5.1 million and cash distributions to unit holders of \$52.1 million.

Capital Expenditures

Our capital requirements consist primarily of:

Expansion capital expenditures we consider expansion capital expenditures to be capital expenditures that expand the capacity of our existing operations; and

Maintenance capital expenditures we consider maintenance capital expenditures to be any capital expenditures that are not expansion capital expenditures generally, this will include expenditures to maintain our facilities.

The following table summarizes maintenance and expansion capital expenditures, excluding amounts paid for acquisitions, for the periods presented (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Maintenance capital expenditures	\$ 7,937	\$ 8,398	\$ 6,986
Expansion capital expenditures	7,402	6,176	5,766
Total capital expenditures	\$ 15,339	\$ 14,574	\$ 12,752

Table of Contents**Off Balance Sheet Arrangements, Contractual Obligations and Contingencies**

We had no off-balance sheet arrangements as of December 31, 2015 or 2014.

We have assumed various financial obligations and commitments in the ordinary course of conducting our business. We have contractual obligations related to debt maturities, interest on debt, operating lease agreements, and liabilities to fulfill obligations related to our pre-need sales contracts.

A summary of our total contractual obligations as of December 31, 2015 is presented in the table below (in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Debt (1)	\$ 425,634	\$ 22,549	\$ 47,325	\$ 175,018	\$ 180,742
Operating leases	25,611	3,356	6,931	4,853	10,471
Lease and management agreements (2)	36,675				36,675
Deferred revenues (3)	815,421				
Total	\$ 1,303,341	\$ 25,905	\$ 54,256	\$ 179,871	\$ 227,888

- (1) Represents the interest payable and par value of debt due and does not include the unamortized debt discounts of \$3.0 million at December 31, 2015. This table assumes that current amounts outstanding under our Credit Facility are not repaid until the maturity date of December 2019, except for Acquisition Draws, which have scheduled repayments.
- (2) Represents the aggregate future rent payments, with interest, due pertaining to the agreements with the Archdiocese of Philadelphia, from 2025 through 2049, and does not include the unamortized discount. See Agreements with the Archdiocese of Philadelphia in this Item 7 of this Form 10-K.
- (3) Total cannot be separated into periods because we are unable to anticipate when the merchandise and services will be delivered. This balance represents the revenues to be recognized from the total performance obligations on customer contracts.

Issuance of Common Units

On July 10, 2015, we issued 2,415,000 common units in a public offering at a price of \$29.63 per unit, yielding net proceeds, after deducting underwriting discounts and offering expenses, of approximately \$67.9 million. The proceeds were used to pay down outstanding indebtedness under our credit facility.

On November 19, 2015, we entered into an equity distribution agreement (ATM Equity Program) with a group of banks (the Agents) whereby we may sell, from time to time, common units representing limited partner interests having an aggregate offering price of up to \$100,000,000. Sales of common units, if any, may be made in negotiated transactions or transactions that are deemed to be at-the-market (ATM) offerings as defined in Rule 415 of the Securities Act, including sales made directly on the New York Stock Exchange, the existing trading market for the common units, or sales made to or through the market maker other than on an exchange or through an electronic communications network. We will pay each of the Agents a commission, which in each case shall not be more than 2.0% of the gross sales price of common units sold through such Agent. During the year ended December 31, 2015,

we issued 277,667 common units under the ATM program for net proceeds of \$7.5 million.

Long-Term Debt

Credit Facility

We are a party to the Fourth Amended and Restated Credit Agreement (the *Credit Agreement*), which provides for a single revolving credit facility of \$180.0 million (the *Credit Facility*) maturing on December 19, 2019. Additionally, the *Credit Agreement* provides for an uncommitted ability to increase the *Credit Facility* by an additional \$70.0 million. Our obligations under the *Credit Facility* are secured by substantially all of our assets, excluding those held in trust. Borrowings under the *Credit Facility* are classified as either acquisition draws or working capital draws. Acquisition draws may be utilized to finance permitted acquisitions, the purchase and construction of mausoleums and related costs or the net amount of merchandise trust deposits. Working capital draws may be utilized to finance working capital requirements, capital expenditures and for other general corporate purposes. The amount of the *Credit Facility* that is available for working capital draws is subject to a borrowing formula equal to 85% of eligible accounts receivable, as defined within the *Credit Agreement*. At December 31, 2015, the amount available under the *Credit Facility* for working capital advances under this limit was \$139.0 million.

Each individual acquisition draw is subject to equal quarterly amortization of the principal amount, with annual principal payments comprised of ten percent of the related advance amount, commencing on the second anniversary of such advance, with the remaining principal due on December 19, 2019, subject to certain mandatory prepayment requirements. Up to \$10.0 million of the *Credit Facility* may be in the form of standby letters of credit, of which there were none outstanding at December 31, 2015 and 2014.

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Borrowings under the Credit Facility bear interest, at our election, at either an adjusted LIBOR rate plus an applicable margin between 2.25% and 4.00% per annum or the base rate (which is the higher of the bank's prime rate, the Federal funds rate plus 0.5% or one-month LIBOR plus 1.00%) plus an applicable margin between 1.25% and 3.00% per annum. We are also required to pay a fee on the unused portion of the Credit Facility at a rate between 0.375% and 0.8% per annum, which is included within interest expense on our consolidated statements of operations. At December 31, 2015, the weighted average interest rate on outstanding borrowings under the Credit Facility was 3.8%.

The Credit Agreement contains customary covenants that limit our ability to incur additional indebtedness, grant liens, make loans or investments, make cash distributions if a default exists or would result from the distribution, merger or consolidation with other persons, or engage in certain asset dispositions including the sale of all or substantially all of its assets. We were in compliance with these covenants as of December 31, 2015. The Credit Agreement also requires us to maintain:

Consolidated EBITDA (as defined in the Credit Agreement), calculated over a period of four consecutive fiscal quarters, to be no less than the sum of (i) \$80.0 million plus (ii) 80% of the aggregate Consolidated EBITDA for each permitted acquisition completed after June 30, 2014;

the ratio of Consolidated EBITDA (as defined in the Credit Agreement) to Consolidated Debt Service (as defined in the Credit Agreement), calculated over a period of four fiscal quarters, or the Consolidated Debt Service Coverage Ratio, of not less than 2.50 to 1.00 for any period; and

the ratio of Consolidated Funded Indebtedness (as defined in the Credit Agreement) to Consolidated EBITDA (as defined in the Credit Agreement), calculated over a period of four fiscal quarters, or the Consolidated Leverage Ratio, of not greater than 4.00 to 1.00 for any period.

Senior Notes

On May 28, 2013, we issued \$175.0 million aggregate principal amount of 7.875% Senior Notes due 2021 (the Senior Notes). We pay 7.875% interest per annum on the principal amount of the Senior Notes, payable in cash semi-annually in arrears on June 1 and December 1 of each year. The net proceeds from the offering were used to retire a \$150.0 million aggregate principal amount of 10.25% Senior Notes due 2017 and the remaining proceeds were used for general corporate purposes. The Senior Notes were issued at 97.832% of par resulting in gross proceeds of \$171.2 million with an original issue discount of approximately \$3.8 million. We incurred debt issuance costs and fees of approximately \$4.6 million. These costs and fees are deferred and will be amortized over the life of these notes. The Senior Notes mature on June 1, 2021.

At any time prior to June 1, 2016, we may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings at the redemption price of 107.875%, plus accrued and unpaid interest, if any, to the redemption date, provided that (i) at least 65% of the aggregate principal amount of the Senior Notes remain outstanding and (ii) the redemption occurs within 180 days of the closing date of such equity offering. At any time on or after June 1, 2016, we may redeem the Senior Notes, in whole or in part, at the redemption prices (expressed as percentages of the principal amount) set forth below, together with accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period beginning June 1 of the years indicated:

Year	Percentage
2016	105.906%
2017	103.938%
2018	101.969%
2019 and thereafter	100.000%

In addition, at any time prior to June 1, 2016, we may also redeem all or any portion of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed, plus the Applicable Premium (as defined in the Indenture), including accrued and unpaid interest. Subject to certain exceptions, upon the occurrence of a Change of Control (as defined in the Indenture), each holder of the Senior Notes will have the right to require us to purchase that holder's Senior Notes for a cash price equal to 101% of the principal amounts to be purchased, plus accrued and unpaid interest.

The Senior Notes are jointly and severally guaranteed by certain of our material subsidiaries. The Indenture governing the Senior Notes contains covenants, including limitations of our ability to incur certain additional indebtedness and liens, make certain dividends, distributions, redemptions or investments, enter into certain transactions with affiliates, make certain asset sales, and engage in certain mergers, consolidations or sales of all or substantially all of our assets, among other items. As of December 31, 2015, we were in compliance with these covenants.

Table of Contents**Cash Distribution Policy**

Our partnership agreement requires that we distribute 100% of available cash to our common and preferred unitholders and general partner within 45 days following the end of each calendar quarter in accordance with their respective percentage interests. Available cash consists generally of all of our cash receipts, less cash disbursements. Our general partner is granted discretion under the partnership agreement to establish, maintain and adjust reserves for future operating expenses, debt service, maintenance capital expenditures and distributions for the next four quarters. These reserves are not restricted by magnitude, but only by type of future cash requirements with which they can be associated.

Available cash is distributed to the common limited partners and the general partner in accordance with their ownership interests, subject to the general partner's incentive distribution rights if quarterly cash distributions per limited partner unit exceed specified targets. Incentive distribution rights are generally defined as all cash distributions paid to our general partner that are in excess of its respective ownership interest. The incentive distribution rights will entitle our general partner to receive the following increasing percentage of cash distributed by us as it reaches certain target distribution levels:

13.0% of all cash distributed in any quarter after each common unit has received \$0.5125 for that quarter;

23.0% of all cash distributed in any quarter after each common unit has received \$0.5875 for that quarter; and

48.0% of all cash distributed in any quarter after each common unit has received \$0.7125 for that quarter.

Agreements with the Archdiocese of Philadelphia

In accordance with the lease and management agreements with the Archdiocese of Philadelphia, we have agreed pay to the Archdiocese aggregate fixed rent of \$36.0 million in the following amounts:

Lease Years 1-5	None
Lease Years 6-20	\$1,000,000 per Lease Year
Lease Years 21-25	\$1,200,000 per Lease Year
Lease Years 26-35	\$1,500,000 per Lease Year
Lease Years 36-60	None

The fixed rent for lease years 6 through 11 shall be deferred. If the Archdiocese terminates the agreements pursuant to a lease year 11 termination or we terminate the agreements as a result of a default by the Archdiocese, prior to the end of lease year 11, the deferred fixed rent shall be retained by us. If the agreements are not terminated, the deferred fixed rent shall become due and payable 30 days after the end of lease year 11.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires making estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of actual revenue and expenses during the reporting period. Although we base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, actual results may differ from the estimates on which our financial statements are prepared at any given point of time. Changes in these estimates could materially affect our financial position, results of operations or cash flows. Significant items that are subject to such estimates and assumptions include revenue and expense accruals, fair value of merchandise and perpetual care trusts assets and the allocation of purchase price to the fair value of assets acquired. A summary of the significant accounting policies we have adopted and followed in the preparation of our consolidated financial statements is included in Note 1 under Item 8: Financial Statements and Supplementary Data included in this Form 10-K/A. The critical accounting policies and estimates we have identified are discussed below.

Deferred Revenues

Revenues from the sale of services and merchandise, as well as any investment income from the merchandise trust is deferred until such time that the services are performed or the merchandise is delivered. In addition to amounts deferred on new contracts, investment income and unrealized gains on our merchandise trust, deferred revenues includes deferred revenues from pre-need sales that were entered into by entities prior to the acquisition of those entities by us, including entities that were acquired by Cornerstone Family Services, Inc. upon its formation in 1999. We provide for a reasonable profit margin for these deferred revenues to account for the future costs of delivering products and providing services on pre-need contracts that we acquired through acquisitions. These revenues and their associated costs are recognized when the related merchandise is delivered or the services are performed and are presented on a gross basis on the consolidated statements of operations.

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Accounts Receivable Allowance for Cancellations

At the time of a pre-need sale, we record an account receivable in an amount equal to the total contract value less any cash deposit paid net of an estimated allowance for cancellations. The allowance for cancellations is established based upon our estimate of expected cancellations and historical experiences, and is currently approximately 10% of total contract values. Future cancellation rates may differ from this current estimate. We will continue to evaluate cancellation rates and will make changes to the estimate should the need arise. Actual cancellations did not vary significantly from the estimates of expected cancellations at December 31, 2015 or 2014.

Other-Than-Temporary Impairment of Trust Assets

Assets held in our merchandise trusts are carried at fair value. Any change in unrealized gains and losses is reflected in the carrying value of the assets and is recognized as deferred revenue. Any and all investment income streams, including interest, dividends or gains and losses from the sale of trust assets, are offset against deferred revenue until such time that we deliver the underlying merchandise. Investment income generated from our merchandise trust is included in Cemetery revenues investment and other.

Pursuant to state law, a portion of the proceeds from the sale of cemetery property is required to be paid into perpetual care trusts. All principal must remain in this trust into perpetuity while interest and dividends may be released and used to defray cemetery maintenance costs, which are expensed as incurred. Assets in our perpetual care trusts are carried at fair value. Any change in unrealized gains and losses is reflected in the carrying value of the assets and is offset against perpetual care trust corpus.

We evaluate whether or not the assets in our merchandise and perpetual care trusts have an other-than-temporary impairment on a security-by-security basis. We determine whether or not the impairment of a fixed maturity debt security is other-than-temporary by evaluating each of the following:

Whether it is our intent to sell the security. If there is intent to sell, the impairment is considered to be other-than-temporary.

If there is no intent to sell, we evaluate if it is not more likely than not that we will be required to sell the debt security before its anticipated recovery. If we determine that it is more likely than not that it will be required to sell an impaired investment before its anticipated recovery, the impairment is considered to be other-than-temporary.

We further evaluate whether or not all assets in the trusts have other-than-temporary impairments based upon a number of criteria including the severity of the impairment, length of time a security has been in a loss position, changes in market conditions and concerns related to the specific issuer.

If an impairment is considered to be other-than-temporary, the cost basis of the security is adjusted downward to its fair value. For assets held in the perpetual care trusts, any reduction in the cost basis due to an other-than-temporary impairment is offset with an equal and opposite reduction in the perpetual care trust corpus and has no impact on earnings. For assets held in the merchandise trusts, any reduction in the cost basis due to an other-than-temporary impairment is recorded in deferred revenue.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired. We test goodwill for impairment using a two-step test. In the first step of the test, we compare the fair value of the reporting unit to its carrying amount, including goodwill. We determine the fair value of each reporting unit using the income approach. We do not record an impairment of goodwill in instances where the fair value of a reporting unit exceeds its carrying amount. If the aggregate fair value of a reporting unit is less than the related carrying amount, we proceed to the second step of the test in which we would determine and record an impairment loss in an amount equal to the excess of the carrying amount of goodwill over the implied fair value. The goodwill impairment test is performed annually or more frequently if events or circumstances indicate that impairment may exist.

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Income Taxes

Our corporate subsidiaries are subject to both federal and state income taxes. We record deferred tax assets and liabilities to recognize temporary differences between the bases of assets and liabilities in our tax and GAAP balance sheets and for federal and state net operating loss carryforwards and alternative minimum tax credits.

We record a valuation allowance against our deferred tax assets if we deem that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realizable in future periods.

In evaluating our ability to recover deferred tax assets, we consider all available positive and negative evidence, including our past operating results, recent cumulative losses and our forecast of future taxable income. In determining future taxable income, we make assumptions for the amount of taxable income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require us to make judgments about our future taxable income and are consistent with the plans and estimates we use to manage our business. Any reduction in estimated future taxable income may require us to record an additional valuation allowance against our deferred tax assets. An increase in the valuation allowance would result in additional income tax expense in the period and could have a significant impact on our future earnings.

As of December 31, 2015, our taxable corporate subsidiaries had federal net operating loss carryforwards of approximately \$261.8 million, which will begin to expire in 2017 and \$321.8 million in state net operating loss carryforwards, a portion of which expires annually. Our ability to use such federal net operating loss carryforwards may be limited by changes in the ownership of our units deemed to result in an ownership change under the applicable provisions of the Internal Revenue Code of 1986, as amended.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Restated)
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of StoneMor GP LLC and Unitholders of StoneMor Partners L.P.

We have audited the accompanying consolidated balance sheets of StoneMor Partners L.P. and subsidiaries (the Partnership) as of December 31, 2015 and 2014, and the related consolidated statements of operations, partners capital, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Partnership s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of StoneMor Partners L.P. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the accompanying consolidated financial statements have been restated to correct misstatements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Partnership s internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2016, November 9, 2016 as to the effects of the material weaknesses described in Management s Report on Internal Control over Financial Reporting (as revised), which report expressed an adverse opinion on the Partnership s internal control over financial reporting because of material weaknesses.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania

February 29, 2016 (November 9, 2016 as to the effects of the restatement discussed in Note 2)

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STONEMOR PARTNERS L.P.
CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31,	
	2015	2014
	(As restated - see Note 2)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,153	\$ 10,401
Accounts receivable, net of allowance	68,415	62,503
Prepaid expenses	5,367	4,708
Other current assets	22,241	29,142
Total current assets	111,176	106,754
Long-term accounts receivable, net of allowance	95,167	89,536
Cemetery property	334,457	332,659
Property and equipment, net of accumulated depreciation	116,127	110,419
Merchandise trusts, restricted, at fair value	464,676	484,820
Perpetual care trusts, restricted, at fair value	307,804	345,105
Deferred selling and obtaining costs	111,542	97,795
Deferred tax assets	181	181
Goodwill	69,851	58,836
Intangible assets	67,209	68,990
Other assets	16,167	4,359
Total assets	\$ 1,694,357	\$ 1,699,454
Liabilities and Partners Capital		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 29,989	\$ 33,496
Accrued interest	1,503	1,219
Current portion, long-term debt	2,440	2,251
Total current liabilities	33,932	36,966
Long-term debt, net of deferred financing costs	316,399	276,289
Deferred revenues	815,421	800,288
Deferred tax liabilities	17,747	17,792
Perpetual care trust corpus	307,804	345,105
Other long-term liabilities	21,508	17,404
Total liabilities	1,512,811	1,493,844
Commitments and contingencies		

Partners Capital

General partner interest	15	1,017
Common limited partners interests	181,531	204,593
Total partners capital	181,546	205,610
Total liabilities and partners capital	\$ 1,694,357	\$ 1,699,454

See Accompanying Notes to the Consolidated Financial Statements.

Table of Contents**STONEMOR PARTNERS L.P.****CONSOLIDATED STATEMENTS OF OPERATIONS****(in thousands, except per unit data)**

	Years Ended December 31		
	2015	2014	2013
	(As restated - see Note 2)		
Revenues:			
Cemetery:			
Merchandise	\$ 143,044	\$ 145,922	\$ 118,936
Services	59,176	54,557	46,388
Investment and other	59,595	54,624	45,247
Funeral home:			
Merchandise	26,722	21,060	18,922
Services	31,048	27,626	26,033
Total revenues	319,585	303,789	255,526
Costs and Expenses:			
Cost of goods sold	52,019	47,311	38,522
Cemetery expense	71,296	64,672	57,566
Selling expense	58,884	55,277	47,832
General and administrative expense	36,371	35,110	31,873
Corporate overhead	38,609	34,723	29,926
Depreciation and amortization	12,803	11,081	9,548
Funeral home expenses:			
Merchandise	6,928	6,659	5,569
Services	22,959	20,470	19,190
Other	17,526	12,581	10,895
Total cost and expenses	317,395	287,884	250,921
Operating income	2,190	15,905	4,605
Gain on acquisitions and divestitures	1,540	656	2,685
Gain on settlement agreement, net		888	12,261
Legal settlement	(3,135)		
Loss on early extinguishment of debt		(214)	(21,595)
Loss on impairment of long-lived assets	(296)	(440)	
Interest expense	(22,585)	(21,610)	(21,070)
Loss before income taxes	(22,286)	(4,815)	(23,114)
Income tax benefit (expense)	(938)	(4,057)	3,514
Net loss	\$ (23,224)	\$ (8,872)	\$ (19,600)

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General partner's interest for the period	\$ 3,608	\$ 2,099	\$ 911
Limited partners' interest for the period	\$ (26,832)	\$ (10,971)	\$ (20,511)
Net loss per limited partner unit (basic and diluted)	\$ (0.88)	\$ (0.41)	\$ (0.98)
Weighted average number of limited partners' units outstanding (basic and diluted)	30,472	26,582	20,954

See Accompanying Notes to the Consolidated Financial Statements.

Table of Contents**STONEMOR PARTNERS L.P.****CONSOLIDATED STATEMENT OF PARTNERS CAPITAL**

(in thousands)

	Outstanding Common Units	Partners Common Limited Partners	Capital General Partner	Total
	(As restated - see Note 2)			
December 31, 2012	19,568	\$ 127,941	\$ 3,001	\$ 130,942
Issuance of common units	1,775	38,419		38,419
General partner contribution		3,718		3,718
Common unit awards under incentive plans	34	1,328		1,328
Net loss		(20,511)	911	(19,600)
Cash distributions		(49,880)	(2,173)	(52,053)
December 31, 2013	21,377	101,015	1,739	102,754
Issuance of common units	7,546	176,271		176,271
Common unit awards under incentive plans	169	1,068		1,068
Net loss		(10,971)	2,099	(8,872)
Cash distributions		(60,015)	(2,821)	(62,836)
Unit distributions paid in kind	112	(2,775)		(2,775)
December 31, 2014	29,204	204,593	1,017	205,610
Issuance of common units	2,692	80,976		80,976
Common unit awards under incentive plans	8	1,516		1,516
Net loss		(26,832)	3,608	(23,224)
Cash distributions		(72,902)	(4,610)	(77,512)
Unit distributions paid in kind	205	(5,820)		(5,820)
December 31, 2015	32,109	\$ 181,531	\$ 15	\$ 181,546

See Accompanying Notes to the Consolidated Financial Statements.

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STONEMOR PARTNERS L.P.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

	Years Ended December 31		
	2015	2014	2013
	(As restated - see Note 2)		
Cash Flows From Operating Activities:			
Net loss	\$ (23,224)	\$ (8,872)	\$ (19,600)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Cost of lots sold	13,103	10,291	8,019
Depreciation and amortization	12,803	11,081	9,548
Non-cash compensation expense	1,516	1,068	1,370
Non-cash interest expense	2,949	2,939	2,303
Gain on acquisitions and divestitures	(1,540)	(656)	(2,685)
Loss on early extinguishment of debt		214	21,595
Loss on impairment of long-lived assets	296	440	
Changes in assets and liabilities:			
Accounts receivable, net of allowance	(8,873)	(10,356)	(8,834)
Merchandise trust fund	(52,332)	(28,828)	(36,919)
Other assets	(2,383)	(2,798)	(563)
Deferred selling and obtaining costs	(13,747)	(9,797)	(11,681)
Deferred revenues	76,235	52,710	68,454
Deferred taxes (net)	(13)	2,887	(4,075)
Payables and other liabilities	(728)	(875)	8,145
Net cash provided by operating activities	4,062	19,448	35,077
Cash Flows From Investing Activities:			
Cash paid for capital expenditures	(15,339)	(14,574)	(12,752)
Cash paid for acquisitions	(18,800)	(56,381)	(14,100)
Consideration for lease and management agreements		(53,000)	
Proceeds from asset sales		297	155
Net cash used in investing activities	(34,139)	(123,658)	(26,697)
Cash Flows From Financing Activities:			
Cash distributions	(77,512)	(62,836)	(52,053)
Proceeds from borrowings	148,295	92,865	269,502
Repayments of debt	(111,034)	(98,140)	(239,932)
Proceeds from issuance of common units	75,156	173,497	38,377
Fees paid related to early extinguishment of debt			(14,920)
Cost of financing activities	(76)	(2,950)	(5,125)

Net cash provided by (used in) financing activities	34,829	102,436	(4,151)
Net increase (decrease) in cash and cash equivalents	4,752	(1,774)	4,229
Cash and cash equivalents - Beginning of period	10,401	12,175	7,946
Cash and cash equivalents - End of period	\$ 15,153	\$ 10,401	\$ 12,175
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	\$ 19,352	\$ 18,796	\$ 18,907
Cash paid during the period for income taxes	\$ 4,294	\$ 4,315	\$ 3,891
Non-cash investing and financing activities:			
Acquisition of assets by financing	\$ 874	\$ 387	\$ 190
Issuance of limited partner units for cemetery acquisition	\$	\$	\$ 3,718
Acquisition of assets by assumption of directly related liability	\$ 876	\$ 8,368	\$ 3,924

See Accompanying Notes to the Consolidated Financial Statements.

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STONEMOR PARTNERS L.P.

1. GENERAL

Nature of Operations

StoneMor Partners L.P. (the Partnership) is a provider of funeral and cemetery products and services in the death care industry in the United States. As of December 31, 2015, the Partnership operated 307 cemeteries in 27 states and Puerto Rico, of which 276 are owned and 31 are operated under lease, management or operating agreements. The Partnership also owned and operated 105 funeral homes in 19 states and Puerto Rico.

Basis of Presentation

The consolidated financial statements included in this Form 10-K/A have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Partnership's presentation of its deferred financing costs within its consolidated balance sheet has changed. These deferred costs were previously presented as under their own caption and are now presented as an offset to long-term debt using the caption, Long-term debt, net of deferred financing cost. Retrospective adjustment was made to the December 31, 2014 presentation of these deferred costs. This change in presentation has decreased the Total assets amount by \$9.1 million and decreased Total liabilities by the same amount at December 31, 2014. There was no additional impact on other assets or any other previously reported amounts.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

The Partnership has revised its segment reporting and reporting units from prior presentations based on how it currently manages operations and makes business decisions. The Partnership now has two distinct reportable segments and reporting units, which are classified as Cemetery Operations and Funeral Homes, and are supported by corporate costs and expenses. Prior period balances and activities were adjusted to conform to this revised presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of each of the Partnership's wholly-owned subsidiaries. These statements also include the accounts of the merchandise and perpetual care trusts in which the Partnership has a variable interest and is the primary beneficiary. The Partnership operates 31 cemeteries under long-term lease, operating or management contracts. The operations of 16 of these managed cemeteries have been consolidated.

The Partnership operates 15 cemeteries under long-term leases and other agreements that do not qualify as acquisitions for accounting purposes, including 13 cemeteries related to the transaction with the Archdiocese of Philadelphia that closed in the second quarter of 2014. As a result, the Partnership did not consolidate all of the existing assets and liabilities related to these cemeteries. The Partnership has consolidated the existing assets and liabilities of the merchandise and perpetual care trusts associated with these cemeteries as variable interest entities since the Partnership controls and receives the benefits and absorbs any losses from operating these trusts. Under the long-term leases, and other agreements associated with these properties, which are subject to certain termination provisions, the Partnership is the exclusive operator of these cemeteries and earns revenues related to sales of merchandise, services, and interment rights, and incurs expenses related to such sales, including the maintenance and upkeep of these cemeteries. Upon termination of these contracts, the Partnership will retain all of the benefits and

related contractual obligations incurred from sales generated during the contract period. The Partnership has also recognized the existing performance obligations that it assumed as part of these agreements.

Total revenues derived from the cemeteries under these agreements totaled approximately \$53.5 million, \$43.4 million and \$33.9 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of the Partnership's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenue and expense during the reporting periods. The Partnership's consolidated financial statements are based on a number of significant estimates, including revenue and expense accruals, depreciation and amortization, merchandise trusts and perpetual care trusts asset valuation, allowance for cancellations, unit-based compensation, deferred contract revenues, deferred merchandise trust investment earnings, deferred selling and obtaining costs, assets and liabilities obtained via business combinations and income taxes. As a result, actual results could differ from those estimates.

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Accounts Receivable, Net of Allowance

The Partnership sells pre-need cemetery contracts whereby the customer enters into arrangements for future merchandise and services prior to the time of need. These sales are usually made using interest-bearing installment contracts not to exceed 60 months. The interest income is recorded when the interest amount is considered realizable and collectible, which typically coincides with cash payment. Interest income is not recognized until payments are collected in accordance with the contract. At the time of a pre-need sale, the Partnership records an account receivable in an amount equal to the total contract value less unearned finance income and any cash deposit paid, net of an estimated allowance for customer cancellations. The Partnership recognizes an allowance for cancellation of these receivables based upon its historical experience, which is recorded as a reduction in accounts receivable and a corresponding offset to deferred revenues.

Management evaluates customer receivables for impairment on an individual contract basis based upon its historical experience, including the age of the receivable and the customer's payment history. Since the Partnership's receivables primarily relate to pre-need sales, the Partnership has not performed the service or fulfilled all of its obligations for the merchandise to which the receivable relates and, as such, no risk of loss exists regarding accounts receivable.

Cash and Cash Equivalents

The Partnership considers all highly liquid investments purchased with an original maturity of three months or less from the time they are acquired to be cash equivalents.

Cemetery Property

Cemetery property consists of developed and undeveloped cemetery property, constructed mausoleum crypts and lawn crypts and other cemetery property. Cemetery property is stated at cost or, upon acquisition of a business, at the fair value of the assets acquired.

Property and Equipment

Property and equipment is stated at cost or, upon acquisition of a business, at the fair value of the assets acquired and depreciated on a straight-line basis. Maintenance and repairs are charged to expense as incurred, whereas additions and major replacements are capitalized and depreciation is recorded over their estimated useful lives as follows:

Buildings and improvements	10 to 40 years
Furniture and equipment	3 to 10 years
Leasehold improvements	over the shorter of the term of the lease or the life of the asset

Merchandise Trusts

Pursuant to state law, a portion of the proceeds from pre-need sales of merchandise and services is put into trust (the merchandise trust) until such time that the Partnership meets the requirements for releasing trust principal, which is generally delivery of merchandise or performance of services. All investment earnings generated by the assets in the merchandise trusts (including realized gains and losses) are deferred until the associated merchandise is delivered or the services are performed (see Note 7).

Perpetual Care Trusts

Pursuant to state law, a portion of the proceeds from the sale of cemetery property is required to be paid into perpetual care trusts. The perpetual care trust principal does not belong to the Partnership and must remain in this trust into perpetuity while interest and dividends may be released and used to defray cemetery maintenance costs, which are expensed as incurred. The Partnership consolidates the trust into its financial statements because the trust is considered a variable interest entity for which the Partnership is the primary beneficiary. Earnings from the perpetual care trusts are recognized in current cemetery revenues (see Note 8).

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Inventories

Inventories are classified within other current assets on the Partnership's consolidated balance sheet and include cemetery and funeral home merchandise valued at the lower of cost or net realizable value. Cost is determined primarily on a specific identification basis on a first-in, first-out basis. Inventories were approximately \$9.7 million and \$5.6 million at December 31, 2015 and 2014, respectively.

Impairment of Long-Lived Assets

The Partnership monitors the recoverability of long-lived assets, including cemetery property, property and equipment and other assets, based on estimates using factors such as current market value, future asset utilization, business and regulatory climate and future undiscounted cash flows expected to result from the use of the related assets, at a location level. The Partnership's policy is to evaluate an asset for impairment when events or circumstances indicate that a long-lived asset's carrying value may not be recovered. An impairment charge is recorded to write-down the asset to its fair value if the sum of future undiscounted cash flows is less than the carrying value of the asset.

Other-Than-Temporary Impairment of Trust Assets

The Partnership determines whether or not the impairment of a fixed maturity debt security is other-than-temporary by evaluating each of the following:

Whether it is the Partnership's intent to sell the security. If there is intent to sell, the impairment is considered to be other-than-temporary.

If there is no intent to sell, the Partnership evaluates if it is not more likely than not that it will be required to sell the debt security before its anticipated recovery. If the Partnership determines that it is more likely than not that it will be required to sell an impaired investment before its anticipated recovery, the impairment is considered to be other-than-temporary.

The Partnership further evaluates whether or not all assets in the trusts have other-than-temporary impairments based upon a number of criteria including the severity of the impairment, length of time a security has been in a loss position, changes in market conditions and concerns related to the specific issuer.

If an impairment is considered to be other-than-temporary, the cost basis of the security is adjusted downward to its fair value.

For assets held in the perpetual care trusts, any reduction in the cost basis due to an other-than-temporary impairment is offset with an equal and opposite reduction in the perpetual care trust corpus and has no impact on earnings.

For assets held in the merchandise trusts, any reduction in the cost basis due to an other-than-temporary impairment is recorded in deferred revenue.

Goodwill

The Partnership tests goodwill for impairment at each year end by comparing its reporting units' estimated fair values to carrying values. Because quoted market prices for the reporting units are not available, the Partnership's

management must apply judgment in determining the estimated fair value of these reporting units. The Partnership's management uses all available information to make these fair value determinations, including the present values of expected future cash flows using discount rates commensurate with the risks involved in the Partnership's assets and the available market data of the industry group. A key component of these fair value determinations is a reconciliation of the sum of the fair value calculations to the Partnership's market capitalization. The observed market prices of individual trades of an entity's equity securities (and thus its computed market capitalization) may not be representative of the fair value of the entity as a whole. Substantial value may arise from the ability to take advantage of synergies and other benefits that flow from control over another entity. Consequently, measuring the fair value of a collection of assets and liabilities that operate together in a controlled entity is different from measuring the fair value of that entity on a stand-alone basis. In most industries, including the Partnership's, an acquiring entity typically is willing to pay more for equity securities that give it a controlling interest than an investor would pay for a number of equity securities representing less than a controlling interest. Therefore, once the above fair value calculations have been determined, the Partnership's management also considers the inclusion of a control premium within the calculations. This control premium is judgmental and is based on, among other items, observed acquisitions in the Partnership's industry. The resultant fair values calculated for the reporting units are compared to observable metrics on large mergers and acquisitions in the Partnership's industry to determine whether those valuations appear reasonable in management's judgment. Management will continue to evaluate goodwill at least annually, or when impairment indicators arise.

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Deferred Revenues

Revenues from the sale of services and merchandise, as well as any investment income from the merchandise trust is deferred until such time that the services are performed or the merchandise is delivered.

In addition to amounts deferred on new contracts, and investment income and unrealized gains on our merchandise trust, deferred revenues includes deferred revenues from pre-need sales that were entered into by entities prior to the acquisition of those entities by the Partnership. The Partnership provides for a reasonable profit margin for these deferred revenues to account for the future costs of delivering products and providing services on pre-need contracts that the Partnership acquired through acquisition. These revenues and their associated costs are recognized when the related merchandise is delivered or services are performed and are presented on a gross basis on the consolidated statements of operations.

Cemetery Merchandise and Services Sales

The Partnership sells its merchandise and services on both a pre-need and at-need basis. Sales of at-need cemetery services and merchandise are recognized as revenue when the service is performed or merchandise is delivered.

Pre-need sales are usually made on an installment contract basis for a period not to exceed 60 months with payments of principal and interest required. For those contracts that do not bear a market rate of interest, the Partnership imputes such interest based upon the prime rate plus 150 basis points, which resulted in a rate of 4.75% for contracts entered into during the three years ended December 31, 2015, in order to segregate the principal and interest component of the total contract value.

At the time of a pre-need sale, the Partnership records an account receivable in an amount equal to the total contract value less unearned finance income and any cash deposit paid, net of an estimated allowance for customer cancellations. The revenue from both the sales and interest component is deferred. Interest revenue is recognized utilizing the effective interest method.

The allowance for customer cancellations is established based on management's estimates of expected cancellations and historical experiences. Revenue from the sale of burial lots and constructed mausoleum crypts is deferred until such time that 10% of the sales price has been collected, at which time it is fully earned; revenues from the sale of unconstructed mausoleums are recognized using the percentage-of-completion method of accounting while revenues from cemetery merchandise and services are recognized once such merchandise is delivered (title has transferred to the customer and the merchandise is either installed or stored, at the direction of the customer, at the vendor's warehouse or a third-party warehouse at no additional cost to us) or services are performed.

The Partnership defers certain pre-need cemetery and prearranged funeral direct obtaining costs that vary with and are primarily related to the acquisition of new pre-need cemetery and prearranged funeral business. Such costs are expensed as revenues are recognized.

Funeral Home Service and Insurance Policy Sales

Revenue from funeral home services is recognized as services are performed and merchandise is delivered. The Partnership's funeral home operations also include revenues related to the sale of term and final expense whole life insurance. As an agent for these insurance sales, the Partnership earns and recognizes commission-related revenue streams from the sales of these policies.

Pursuant to state law, a portion of proceeds received from pre-need funeral service contracts is put into trust while amounts used to defray the initial administrative costs are not. All investment earnings generated by the assets in the trust (including realized gains and losses) are deferred until the associated merchandise is delivered or the services are performed. The balance of the amounts in these trusts is included within the merchandise trusts above.

Income Taxes

The Partnership is not subject to U.S. federal and most state income taxes. The partners of the Partnership are liable for income tax in regard to their distributive share of the Partnership's taxable income. Such taxable income may vary substantially from net income reported in the accompanying consolidated financial statements. Certain corporate subsidiaries are subject to federal and state income tax. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Partnership records a valuation allowance against its deferred tax assets if it deems that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realizable in future periods.

Table of Contents**Net Income (Loss) per Common Unit**

Basic net income (loss) attributable to common limited partners per unit is computed by dividing net income (loss) attributable to common limited partners, which is determined after the deduction of the general partner's interest, by the weighted average number of common limited partner units outstanding during the period. Net income (loss) attributable to common limited partners is determined by deducting net income attributable to participating securities, if applicable and net income (loss) attributable to the general partner's units. The general partner's interest in net income (loss) is calculated on a quarterly basis based upon its units and incentive distributions to be distributed for the quarter, with a priority allocation of net income to the general partner's incentive distributions, if any, in accordance with the partnership agreement, and the remaining net income (loss) allocated with respect to the general partner's and limited partners' ownership interests.

The Partnership presents net income (loss) per unit under the two-class method for master limited partnerships, which considers whether the incentive distributions of a master limited partnership represent a participating security when considered in the calculation of earnings per unit under the two-class method. The two-class method considers whether the partnership agreement contains any contractual limitations concerning distributions to the incentive distribution rights that would impact the amount of earnings to allocate to the incentive distribution rights for each reporting period. If distributions are contractually limited to the incentive distribution rights' share of currently designated available cash for distributions as defined under the partnership agreement, undistributed earnings in excess of available cash should not be allocated to the incentive distribution rights. Under the two-class method, management of the Partnership believes the partnership agreement contractually limits cash distributions to available cash; therefore, undistributed earnings in excess of available cash are not allocated to the incentive distribution rights.

The following is a reconciliation of net income (loss) allocated to the common limited partners for purposes of calculating net income (loss) attributable to common limited partners per unit (in thousands, except unit data):

	Years Ended December 31,		
	2015	2014	2013
Net loss	\$ (23,224)	\$ (8,872)	\$ (19,600)
Less: Incentive distribution right (IDR) payments to general partner	3,961	2,250	\$ 1,296
Net loss to allocate to general and limited partners	(27,185)	(11,122)	(20,896)
General partner's interest excluding IDRs	(353)	(151)	(385)
Net loss attributable to common limited partners	\$ (26,832)	\$ (10,971)	\$ (20,511)

Diluted net income (loss) attributable to common limited partners per unit is calculated by dividing net income (loss) attributable to common limited partners, less income allocable to participating securities, by the sum of the weighted average number of common limited partner units outstanding and the dilutive effect of unit appreciation rights and other awards, as calculated by the treasury stock or if converted methods, as applicable. These awards consist of common units issuable upon payment of an exercise price by the participant under the terms of the Partnership's long-term incentive plan (see Note 13).

The following table sets forth the reconciliation of the Partnership's weighted average number of common limited partner units used to compute basic net income (loss) attributable to common limited partners per unit with those used

to compute diluted net income (loss) attributable to common limited partners per unit (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Weighted average number of common limited partner units - basic	30,472	26,582	20,954
Add effect of dilutive incentive awards (1)			
Weighted average number of common limited partner units - diluted	30,472	26,582	20,954

- (1) The diluted weighted average number of limited partners units outstanding presented on the consolidated statement of operations does not include 282,093 units, 164,709 units and 297,078 units for the years ended December 31, 2015, 2014 and 2013, respectively, as their effects would be anti-dilutive.

New Accounting Pronouncements

In the second quarter of 2014, the Financial Accounting Standards Board (FASB) issued Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), which supersedes the revenue recognition requirements in Topic 605 - Revenue Recognition and most industry-specific guidance. The core principle of ASU 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. During the third quarter of 2015, Update No. 2015-14, Revenue from Contracts with Customers (Topic 606) (ASU 2015-14) was released, deferring the effective date of the amendments to annual

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reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is permitted, only as of an annual reporting period beginning after December 15, 2016. The Partnership will adopt the requirements of ASU 2014-09 upon its effective date of January 1, 2018, and is evaluating the potential impact of the adoption on its financial position, results of operations or related disclosures.

In the first quarter of 2015, the FASB issued Update No. 2015-02, Consolidation (Topic 810) (ASU 2015-02), which amends previous consolidation analysis guidance. ASU 2015-02 requires companies to consider revised consolidation criteria regarding limited partnerships and similar legal entities. The amendments are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. Early application is permitted. The Partnership will adopt the requirements of ASU 2015-02 upon its effective date of January 1, 2016, and it does not anticipate it having a material impact on its financial position, results of operations, and related disclosures.

In the second quarter of 2015, the FASB issued Update No. 2015-03, Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03), which changes the presentation of debt issuance costs. During the third quarter of 2015, Update No. 2015-15, Interest Imputation of Interest (Subtopic 835-30) (ASU 2015-15) was released clarifying the treatment of debt issuance costs associated with line-of-credit arrangements. ASU 2015-03 requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by ASU 2015-03. ASU 2015-15 allows the deferral and presentation of debt issuance costs pertaining to line-of-credit arrangements as an asset. The amendments in the update are effective for annual reporting periods beginning after December 15, 2015, including interim periods within those reporting periods. Early application is permitted. The Partnership has elected to early adopt the presentation change regarding its deferred financing cost within its consolidated balance sheets. These deferred financing costs were previously presented as a separate asset caption and are now presented as a direct reduction to long-term debt under the caption, Long-term debt, net of deferred financing costs. This change in presentation has decreased Total assets and Total liabilities by \$9.1 million at December 31, 2014.

In the third quarter of 2015, the FASB issued Update No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments (ASU 2015-16). ASU 2015-16 requires that an acquirer recognize adjustments to estimated amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments are effective for fiscal years beginning after December 15, 2015 and early application is permitted. The Partnership has elected to early adopt the requirements of ASU 2015-16 during the fourth quarter of 2015, and it did not have a material impact on its financial position, results of operations and related disclosures.

In the first quarter of 2016, the FASB issued Update No. 2016-01, Financial Instruments (Subtopic 825-10) (ASU 2016-01). The core principle of ASU 2016-01 is that all equity investments should be measured at fair value with changes in the fair value recognized through net income. The amendment is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is not permitted for the key aspects of the amendment. The Partnership will adopt the requirements of ASU 2016-01 upon its effective date of January 1, 2018, and is evaluating the potential impact of the adoption on its financial position, results of operations and related disclosures.

2. RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

Subsequent to the issuance of the Partnership's 2015 consolidated financial statements, the Partnership determined that material adjustments were needed to correct certain accounting errors. Accordingly, the accompanying consolidated

financial statements of the Partnership as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015, and the related notes hereto, have been restated to correct these accounting errors (the Restatement). A summary of these accounting errors, and their effect on the Partnership's consolidated financial statements is as follows:

- A. The Partnership allocates net loss to the General Partner and its limited partners for the purposes of determining the General Partner's and limited partners' capital accounts within Partners' capital, and to calculate net loss per limited partner unit (basic and diluted). However, the historical allocation of the Partnership's net losses did not appropriately consider available cash that had been (or will be) distributed to the separate class of nonvoting limited partner interest (the incentive distribution rights) held by the General Partner. While this misallocation had no impact on the Partnership's consolidated net loss for each of the three years in the period ended December 31, 2015, the revised calculation to correctly allocate net losses increased the limited partners' historical share of allocated net loss and decreased the General Partner's historical share of allocated net loss. As a result, the accompanying consolidated statement of operations and consolidated statement of partners' capital have been restated to increase the limited partners' share of allocated net loss and decrease the General Partner's share of allocated net loss by approximately \$4.0 million, \$2.3 million, \$1.3 million for the years ended December 31, 2015, 2014, and 2013, respectively. Accordingly, the accompanying consolidated statement of partner's capital has also been restated to decrease the limited partners' share of partners' capital, and increase the General Partner's share of partners' capital by approximately \$10.2 million and \$6.2 million as of December 31, 2015 and 2014, respectively.

- B. The Partnership had historically presented the cost component of its performance obligations as a liability referred to as Merchandise liability and the offset for these liabilities was recognized as a reduction in Deferred cemetery revenues, net in the Partnership's consolidated balance sheet. Subsequent to the issuance of the Partnership's 2015 consolidated financial statements, the Partnership determined that the correct presentation of these obligations is Deferred revenues, rather than a separate Merchandise liability. Accordingly, the accompanying consolidated balance sheet as of December 31, 2015 and 2014, has been restated to reclassify performance obligations of approximately \$173.1 million and \$150.2 million as of December 31, 2015 and 2014, respectively, from Merchandise liability to Deferred revenues. As part of this restatement, the Partnership also reclassified the amounts referred to as Deferred cemetery revenues, net in the previously reported consolidated balance sheets of approximately \$637.5 million and \$643.4 million, respectively, as of December 31, 2015 and 2014 to Deferred revenues in the accompanying consolidated balance sheets.

- C. The Partnership had historically presented revenue related to assumed obligations from acquisitions on a net basis in the Partnership's consolidated statement of operations. However, subsequent to the issuance of the Partnership's 2015 consolidated financial statements, the Partnership determined that the correct presentation of this revenue was on a gross basis. Accordingly, the accompanying consolidated statement of operations has been restated to present such revenue on a gross basis. This classification resulted in an increase in Cemetery merchandise revenues of approximately \$5.1 million, \$6.7 million, and \$3.6 million in the years ended December 31, 2015, 2014, and 2013, respectively, an increase in Cemetery services revenue of approximately \$0.6 million, \$0.5 million, and \$0.5 million, respectively, and an increase Cost of goods sold of approximately \$5.7 million, \$7.2 million, and \$4.1 million in the years ended December 31, 2015, 2014, and 2013, respectively.

- D.

The Partnership had historically presented its Goodwill and Intangible Assets in one line on the Partnership's consolidated balance sheets. However, subsequent to the issuance of the Partnership's 2015 consolidated financial statements, the Partnership determined that the presentation of its Goodwill should be reported separately. Accordingly, the accompanying consolidated balance sheet as of December 31, 2015 and 2014, has been restated to reclassify Goodwill and Intangible Assets of approximately \$69.9 million and \$67.2 million as of December 31, 2015, respectively, and approximately \$58.8 million and \$69.0 million as of December 31, 2014 from Goodwill and intangible assets to separate lines in the accompanying consolidated balance sheets.

- E. The Partnership had historically recorded funeral home land from acquisitions within Cemetery property. However, subsequent to the issuance of the Partnership's 2015 consolidated financial statements, the Partnership determined that such Funeral home land should be recorded within Property and equipment. This adjustment resulted in a decrease of \$11.8 million and \$10.0 million in Cemetery property as of December 31, 2015 and 2014, respectively, and a corresponding increase in Property and equipment. Additionally, the Partnership had historically recorded deferred cemetery property within Deferred cemetery revenues, net. However, subsequent to the issuance of the Partnership's 2015 consolidated financial statements, the Partnership determined that such amounts should have been recorded within Cemetery property. This adjustment resulted in an increase in Cemetery Property in the amount of \$3.6 million and \$2.8 million as of December 31, 2015 and 2014, respectively.
- F. The Partnership had historically recorded the obligation for certain of the Partnership's outstanding phantom unit awards as liabilities. However, subsequent to the issuance of the Partnership's 2015 consolidated financial statements, the Partnership determined that these awards are equity awards and should be classified as equity. Accordingly, the accompanying consolidated balance sheet as of December 31, 2015 and 2014, has been restated to adjust the awards as equity award, resulting in a \$1.9 million increase to Common limited partners' interest and a decrease for the same amount to Accounts payable and accrued liabilities as of December 31, 2015 and 2014.
- G. The Partnership had historically recognized incorrect amounts of investment revenues and expenses related to its Merchandise and perpetual care trusts on its consolidated statement of operations and was incorrectly tracking its perpetual care-trusting obligations on its consolidated balance sheets. Accordingly, the accompanying consolidated financial statements as of December 31, 2015 and 2014, and for the years ended December 31, 2015, 2014, and 2013 have been restated for these adjustments. The adjustments resulted in an increase in Deferred revenues of approximately \$17.9 million and \$16.4 million, a decrease in Partners' Capital of approximately \$25.4 million and \$23.7 million, and an increase in Other long-term liabilities of approximately \$7.5 million and \$7.3 million as of December 31, 2015 and 2014, respectively. In addition, the correction of these accounting errors resulted in a decrease in Investment and other revenues of \$0.2 million, \$0.6 million, and \$1.7 million and an increase in Cost of goods sold of \$1.5 million, \$1.3 million, and \$0.5 million in the years ended December 31, 2015, 2014, and 2013, respectively.
- H. The Partnership had historically recognized incorrect amounts of revenue from deferred pre-acquisition contracts in its consolidated statement of operations based on inaccurate system inputs. However, subsequent to the issuance of the Partnership's 2015 consolidated statement of operations, the Partnership determined that revenue recognition on such preacquisition revenue was understated. Accordingly, the accompanying consolidated financial statements for the years ended December 31, 2015, 2014, and 2013 have been restated to reflect the correction of the system inputs. The adjustments resulted in a decrease in Deferred revenues and an increase in Partners' Capital of \$16.5 million and \$14.7 million as of December 31, 2015 and 2014,

respectively. In addition, the correction of these accounting errors resulted in an increase in Cemetery merchandise revenues of \$1.6 million, \$2.2 million, and \$1.2 million and an increase in Cemetery services revenues of \$0.2 million in the years ended December 31, 2015, 2014, and 2013, respectively.

- I. Remaining adjustments principally relate to the recognitions accuracy and/or classification of certain amounts in Deferred cemetery revenues, net, Merchandise liabilities, and Other current assets, determined subsequent to the issuance of the Partnership's 2015 consolidated financial statements. Accordingly, the accompanying consolidated financial statements as of December 31, 2015 and 2014, and for the years ended December 31, 2015, 2014, and 2013 have been restated for these adjustments. The adjustments resulted in a decrease of \$1.9 million and an increase of \$2.8 million in Deferred revenues as of December 31, 2015 and 2014, respectively, an increase in Cemetery merchandise revenues of \$4.4 million, \$4.7 million, and \$3.5 million, an increase in Cemetery services revenues of \$2.2 million, \$2.0 million, and \$1.7 million, and an increase in Cost of goods sold of \$5.9 million, \$5.1 million, and \$6.1 million in the years ended December 31, 2015, 2014, and 2013, respectively.

- J. The Partnership calculated the effect on income taxes associated with the foregoing accounting errors and, as such, the accompanying statement of operations has been restated to recognize Income tax benefit (expense) of approximately \$0.2 million, (\$0.1) million, \$1.2 million for the years ended December 31, 2015, 2014, and 2013, respectively. Additionally, the Deferred tax assets and Deferred tax liability within the consolidated balance sheet were restated by approximately \$0.1 million as of December 31, 2015 and 2014. The effect of these adjustments on the Partnership's consolidated balance sheets, statements of operations and cash flows as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014, and 2013 is summarized below for each affected caption:

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	Reference	As of December 31,					
		As Filed	2015 Restatement Adjustments	As Restated	As Filed	2014 Restatement Adjustments	As Restated
(in thousands)							
Other current assets	I	\$ 18,863	\$ 3,378	\$ 22,241	\$ 24,266	\$ 4,876	\$ 29,142
Total current assets		107,798	3,378	111,176	101,878	4,876	106,754
Cemetery property	E	342,639	(8,182)	334,457	339,848	(7,189)	332,659
Property and equipment	E	104,330	11,797	116,127	100,391	10,028	110,419
Goodwill and intangible assets	D	137,060	(137,060)		127,826	(127,826)	
Goodwill	D		69,851	69,851		58,836	58,836
Intangible assets	D		67,209	67,209		68,990	68,990
Deferred tax assets	J	40	141	181	40	141	181
Other assets	I	15,069	1,098	16,167	3,136	1,223	4,359
Total assets		1,686,125	8,232	1,694,357	1,690,375	9,079	1,699,454
Accounts payable and accrued liabilities	F	31,875	(1,886)	29,989	35,382	(1,886)	33,496
Total current liabilities		35,818	(1,886)	33,932	38,852	(1,886)	36,966
Deferred cemetery revenues, net	B	637,536	(637,536)		643,408	(643,408)	
Merchandise liability	B	173,097	(173,097)		150,192	(150,192)	
Deferred revenues	B, E, G, H, I		815,421	815,421		800,288	800,288
Deferred tax liabilities	J	17,833	(86)	17,747	17,708	84	17,792
Other long-term liabilities	G	13,960	7,548	21,508	10,059	7,345	17,404
Total liabilities		1,502,447	10,364	1,512,811	1,481,613	12,231	1,493,844
General partner interest	A, G, H, I, J	(10,038)	10,053	15	(5,113)	6,130	1,017
Common limited partners interest	A, F, G, H, I, J	193,716	(12,185)	181,531	213,875	(9,282)	204,593
		183,678	(2,132)	181,546	208,762	(3,152)	205,610

Total partners capital										
Total liabilities and partners capital		\$ 1,686,125	\$ 8,232	\$ 1,694,357	\$ 1,690,375	\$ 9,079	\$ 1,699,454			

Year Ended December 31,

2015

2014

2013

Reference	As Filed	Restatement Adjustments	As Restated	As Filed	Restatement Adjustments	As Restated	As Filed	Restatement Adjustments	As Restated
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(in thousands)

Cemetery revenues:										
Merchandise	C, H, I	\$ 131,862	\$ 11,182	\$ 143,044	\$ 132,355	\$ 13,567	\$ 145,922	\$ 110,673	\$ 8,263	\$ 118,936
Services	C, H, I	56,243	2,933	59,176	51,827	2,730	54,557	44,054	2,334	46,388
Investment and other	G	59,765	(170)	59,595	55,217	(593)	54,624	46,959	(1,712)	45,247
Total revenues		305,640	13,945	319,585	288,085	15,704	303,789	246,641	8,885	255,526
Cost of goods sold	C, G, I	38,924	13,095	52,019	33,652	13,659	47,311	27,859	10,663	38,522
Total cost and expenses		304,300	13,095	317,395	274,225	13,659	287,884	240,258	10,663	250,921
Operating income		1,340	850	2,190	13,860	2,045	15,905	6,383	(1,778)	4,605
Loss before income taxes		(23,136)	850	(22,286)	(6,860)	2,045	(4,815)	(21,336)	(1,778)	(23,114)
Income tax benefit (expense)	J	(1,108)	170	(938)	(3,913)	(144)	(4,057)	2,304	1,210	3,514
Net loss		(24,244)	1,020	(23,224)	(10,773)	1,901	(8,872)	(19,032)	(568)	(19,600)
General partner's interest for the period	A, G, H, I, J	(315)	3,923	3,608	(155)	2,254	2,099	(350)	1,261	911
Limited partners interest for the period	A, G, H, I, J	(23,929)	(2,903)	(26,832)	(10,618)	(353)	(10,971)	(18,682)	(1,829)	(20,511)
Net loss per limited partner unit (basic and diluted)	A, G, H, I, J	\$ (0.79)	\$ (0.09)	\$ (0.88)	\$ (0.40)	\$ (0.01)	\$ (0.41)	\$ (0.89)	\$ (0.09)	\$ (0.98)

Year Ended December 31,

2015

2014

2013

As	Restatement	As	As	Restatement	As	As	Restatement	As
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The table below summarizes the effects of the restatement adjustments on the Statement of Partners' Capital balances for the years ended December 31, 2015, 2014, and 2013, including the effects of the cumulative restatement adjustments recorded to all periods prior to January 1, 2013:

		Common Limited Partners	General Partner As	Total	Common Limited Partners	General Partner Restatement	Total	Common Limited Partners	General Partner As	Total
	Reference		Filed			Adjustments (in thousands)			Restated	
Capital Balance December 31, 2012	A, F, G, H, I, J	\$ 134,796	\$ 386	\$ 135,182	\$ (6,855)	\$ 2,615	\$ (4,240)	\$ 127,941	\$ 3,001	\$ 130,942
Balance of Common units	F	38,377		38,377	42		42	38,419		38,461
Loss	A, G, H, I, J	(18,682)	(350)	(19,032)	(1,829)	1,261	(568)	(20,511)	911	(19,600)
Capital Balance December 31, 2013	A, F, G, H, I, J	109,657	(2,137)	107,520	(8,642)	3,876	(4,766)	101,015	1,739	102,754
Balance of Common units	F	176,558		176,558	(287)		(287)	176,271		176,271
Loss	A, G, H, I, J	(10,618)	(155)	(10,773)	(353)	2,254	1,901	(10,971)	2,099	(8,872)
Capital Balance December 31, 2014	A, F, G, H, I, J	213,875	(5,113)	208,762	(9,282)	6,130	(3,152)	204,593	1,017	205,610
Loss	A, G, H, I, J	(23,929)	(315)	(24,244)	(2,903)	3,923	1,020	(26,832)	3,608	(23,224)
Capital Balance December 31, 2015	A, F, G, H, I, J	\$ 193,716	\$ (10,038)	\$ 183,678	\$ (12,185)	\$ 10,053	\$ (2,132)	\$ 181,531	\$ 15	\$ 181,546

3. ACQUISITIONS2015 Acquisitions

During the year ended December 31, 2015, the Partnership acquired the following properties and related assets, net of certain assumed liabilities:

One funeral home for cash consideration of \$0.9 million on July 21, 2015;

Three funeral homes and one cemetery for cash consideration of \$5.7 million on August 6, 2015;

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Two cemeteries for cash consideration of \$1.5 million on August 20, 2015;

One funeral home for cash consideration of \$5.0 million on August 31, 2015, and an additional \$1.0 million paid in 5 annual installments beginning on the 1st anniversary of the closing date; and

One cemetery and two funeral homes for cash consideration of \$5.7 million on December 1, 2015.

The Partnership accounted for these transactions under the acquisition method of accounting. Accordingly, the Partnership evaluated the identifiable assets acquired and liabilities assumed at their respective acquisition date fair values. All other costs incurred associated with the acquisition of the assets noted were expensed as incurred. The following table presents the Partnership's values assigned to the assets acquired and liabilities assumed in the acquisitions, based on their estimated fair values at the dates of the acquisition, which may be prospectively adjusted as additional information is received (in thousands):

Assets:	
Accounts receivable	\$ 2,761
Cemetery property	5,249
Property and equipment	7,710
Inventory	53
Merchandise trusts, restricted	15,075
Perpetual care trusts, restricted	4,134
Intangible assets	406
Total assets	35,388
Liabilities:	
Deferred revenues	21,032
Perpetual care trust corpus	4,134
Other liabilities	21
Total liabilities	25,187
Fair value of net assets acquired	10,201
Consideration paid - cash	18,800
Deferred cash consideration	876
Total consideration paid	19,676
Gain on bargain purchase	\$ 1,540
Goodwill from purchase	\$ 11,015

The Partnership recorded goodwill of \$1.1 million and \$9.9 million in the Cemetery and Funeral Home reporting units, respectively, with regard to the properties acquired during the year ended December 31, 2015.

Table of Contents**2014 Acquisitions**

During the year ended December 31, 2014, the Partnership acquired the following properties and related assets, net of certain assumed liabilities:

One cemetery for cash consideration of \$0.2 million on January 16, 2014; and

Two funeral homes for cash consideration of \$2.4 million on December 4, 2014.

The Partnership accounted for these transactions under the acquisition method of accounting. Accordingly, the Partnership evaluated the identifiable assets acquired and liabilities assumed at their respective acquisition date fair values. All other costs incurred associated with the acquisition of the assets noted were expensed as incurred. The following table presents the Partnership's final values assigned to the assets acquired and liabilities assumed in the acquisitions, based on their estimated fair values at the dates of the acquisition (in thousands):

Assets:	
Accounts receivable	\$ 104
Cemetery property	470
Property and equipment	193
Merchandise trusts, restricted	2,685
Perpetual care trusts, restricted	691
Other assets	22
Deferred tax assets	87
Non-compete agreement	520
Total assets	4,772
Liabilities:	
Deferred revenues	2,053
Deferred tax liability	641
Perpetual care trust corpus	691
Other liabilities	20
Total liabilities	3,405
Fair value of net assets acquired	1,367
Consideration paid - cash	2,581
Total consideration paid	2,581
Gain on bargain purchase	\$ 412
Goodwill from purchase	\$ 1,626

The Partnership recorded goodwill of \$1.6 million in the Funeral Home reporting unit with regard to the properties acquired and included in the table above during the year ended December 31, 2014.

In addition to the properties noted above, on June 10, 2014, the Partnership acquired twelve cemeteries and nine funeral homes and their related assets, net of certain assumed liabilities, in a single transaction for cash consideration of \$53.8 million.

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The Partnership accounted for this transaction under the acquisition method of accounting. Accordingly, the Partnership evaluated the identifiable assets acquired and liabilities assumed at their respective acquisition date fair values. All other costs incurred associated with the acquisition of the assets noted were expensed as incurred. The following table presents the Partnership's final values assigned to the assets acquired and liabilities assumed in the acquisition, based on their estimated fair values at the date of the acquisition (in thousands):

Assets:	
Accounts receivable	\$ 6,188
Cemetery property	25,799
Property and equipment	16,006
Merchandise trusts, restricted	31,534
Perpetual care trusts, restricted	16,913
Intangible assets	1,170
Other assets	178
Total assets	97,788
Liabilities:	
Deferred revenues	33,475
Deferred tax liability	2,010
Perpetual care trust corpus	16,913
Other liabilities	63
Total liabilities	52,461
Fair value of net assets acquired	45,327
Consideration paid	53,800
Goodwill from purchase	\$ 8,473

The Partnership recorded goodwill of \$6.1 million and \$2.4 million in the Cemetery and Funeral Home reporting units, respectively, with regard to the properties acquired and included in the table above during the year ended December 31, 2014.

Agreements with the Archdiocese of Philadelphia

On May 28, 2014, certain subsidiaries of the Partnership (Tenant) and the Archdiocese of Philadelphia (Landlord) entered into a lease agreement (the Lease) and a management agreement (the Management Agreement), pursuant to which the Tenant will operate 13 cemeteries in Pennsylvania for a term of 60 years and allow the tenant to, among other things and subject to certain limitations, sell burial rights and all related merchandise and services. The Partnership joined the Lease and the Management Agreement as a guarantor of all of the Tenant's obligations under this operating arrangement.

Under the terms of the Lease and Management Agreements:

the Tenant paid \$53.0 million to the Landlord at closing, and agreed to make aggregate future rental payments of \$36.0 million in accordance with the following schedule:

Lease Years 1-5	None
Lease Years 6-20	\$1,000,000 per Lease Year
Lease Years 21-25	\$1,200,000 per Lease Year
Lease Years 26-35	\$1,500,000 per Lease Year
Lease Years 36-60	None

the Lease and Management Agreements may be terminated by the Landlord during the 11th year of the lease in its sole discretion, or by either party due to default or bankruptcy by the end of the 11th year of the lease, subject to certain limitations;

lease payments for years 6 through 11 shall be deferred until the Landlord determines whether to continue or terminate the Lease during the 11th year of the Lease, or the Tenant terminates the Lease by the end of the 11th year of the lease due to default or bankruptcy. If the Lease is terminated for either reason noted, the lease payments for years 6 through 11 shall be forfeited by the Landlord. Otherwise, the deferred lease payments for years 6 through 11 shall be due and payable 30 days after the end of the 11th year of the lease. If the Landlord terminates the Lease during the 11th year of the Lease, it must repay the \$53.0 million paid at closing by the Tenant. If the Lease is terminated for cause at anytime, the \$53.0 million paid by the Tenant at closing is subject to repayment, subject to certain amortization and other limitations; and

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the Tenant also agreed to make additional rental payments equal to 51% of gross revenues generated from non-ordinary course revenues and property dispositions associated with the properties, less reasonable costs and expenses.

The Partnership accounted for this transaction as a contract-based intangible asset at the present value of the consideration, less the fair value of net assets received at the acquisition date, consisting of acquired accounts receivable. The Partnership also recognized an \$8.4 million liability for the present value of the \$36.0 million of lease payments to be made in future periods at a discount rate of 8.3%. The following table presents the assets acquired and liabilities assumed in the transaction based on their estimated fair values (in thousands):

Assets:	
Accounts receivable	\$ 1,610
Intangible asset	59,758
Total assets	61,368
Liabilities:	
Obligation for lease and management agreements	36,000
Discount on obligation for lease and management agreements	(27,632)
Obligation for lease and management agreements, net	8,368
Total liabilities	8,368
Total net assets	\$ 53,000

2013 Acquisitions

During the year ended December 31, 2013, the Partnership acquired the following properties and related assets, net of certain assumed liabilities:

Six funeral homes on February 19, 2013 for cash consideration of \$9.1 million, 159,635 common units with an estimated fair value at issuance of \$3.6 million, a promissory note in the amount of \$3.0 million that was payable on February 19, 2014 and an additional \$1.2 million in cash consideration to be paid in six annual installments beginning on February 19, 2014; and

One cemetery for cash consideration of \$5.0 million on August 1, 2013;

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The Partnership accounted for these transactions under the acquisition method of accounting. Accordingly, the Partnership evaluated the identifiable assets acquired and liabilities assumed at their respective acquisition date fair values. All other costs incurred associated with the acquisition of the assets noted were expensed as incurred. The following table presents the Partnership's final values assigned to the assets acquired and liabilities assumed in the acquisitions, based on their estimated fair values at the dates of the acquisition (in thousands):

Assets:	
Accounts receivable	\$ 1,531
Cemetery property	3,900
Property and equipment	9,362
Merchandise trusts, restricted	10,314
Perpetual care trusts, restricted	5,888
Non-compete agreements	1,927
Total assets	32,922
Liabilities:	
Deferred revenues	8,274
Deferred tax liability	701
Perpetual care trust corpus	5,888
Other liabilities	258
Total liabilities	15,121
Fair value of net assets acquired	17,801
Consideration paid - cash	14,100
Consideration paid - units	3,592
Fair value of Notes Payable	3,000
Fair value of debt assumed for non-compete agreements	924
Total consideration paid	21,616
Gain on bargain purchase	\$ 2,530
Goodwill from purchase	\$ 6,345

The Partnership recorded goodwill of \$6.3 million in the Funeral Home reporting unit with regard to the properties acquired and included in the table above during the year ended December 31, 2013.

The following data presents pro forma revenues, net income (loss) and basic and diluted net income (loss) per unit for the Partnership as if the acquisitions consummated during the years ended December 31, 2015 and 2014, including the related financings, had occurred as of January 1, 2014. The Partnership prepared these pro forma unaudited financial results for comparative purposes only; they may not be indicative of the results that would have occurred if the acquisitions consummated during the years ended December 31, 2015 and 2014 and the related financings had occurred on January 1, 2014 or the results that will be attained in future periods (in thousands, except per unit data);

unaudited):

	Years Ended December 31,	
	2015	2014
Revenue	\$ 324,657	\$ 325,450
Net loss	(24,320)	(6,287)
Net loss per limited partner unit (basic and diluted)	\$ (.92)	\$ (.29)

Since their respective dates of acquisition, the properties acquired in 2015 have contributed \$2.1 million of revenue and \$0.2 million of operating profit for the year ended December 31, 2015. The properties acquired in 2014 have contributed \$43.9 million of revenue and \$5.4 million of operating profit for the year ended December 31, 2015 and \$19.3 million of revenue and \$1.6 million of operating profit for the year ended December 31, 2014. The properties acquired in 2013 have contributed \$6.6 million of revenue and \$0.7 million of operating profit for the year ended December 31, 2015, \$6.0 million of revenue and \$0.7 million of operating profit for the year ended December 31, 2014 and \$3.9 million of revenue and \$0.1 million of operating profit for the year ended December 31, 2013.

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During the year ended December 31, 2013, the Partnership recovered \$18.4 million, net of legal fees, costs and contractual obligations, related to the settlement of claims from locations that it acquired in prior years. Of the amount recovered, \$11.9 million was received in cash proceeds and \$6.5 million was contributed to the related perpetual care and merchandise trusts. The Partnership recognized a gain on settlement agreement of \$12.3 million for this transaction during the year ended December 31, 2013.

4. ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Long-term accounts receivable, net, consisted of the following at the dates indicated (in thousands):

	December 31,	
	2015	2014
Customer receivables	\$ 207,645	\$ 194,537
Unearned finance income	(20,078)	(20,360)
Allowance for contract cancellations	(23,985)	(22,138)
Accounts receivable, net of allowance	163,582	152,039
Less: current portion - net of allowance	68,415	62,503
Long-term portion - net of allowance	\$ 95,167	\$ 89,536

Activity in the allowance for contract cancellations is as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Balance - beginning of period	\$ 22,138	\$ 20,275	\$ 17,933
Provision for cancellations	25,307	20,870	20,069
Charge-offs - net	(23,460)	(19,007)	(17,727)
Balance - end of period	\$ 23,985	\$ 22,138	\$ 20,275

5. CEMETERY PROPERTY

Cemetery property consists of the following at the dates indicated (in thousands):

	December 31,	
	2015	2014
Cemetery land	\$ 253,955	\$ 252,002
Mausoleum crypts and lawn crypts	80,502	80,657
Cemetery property	\$ 334,457	\$ 332,659

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at the dates indicated (in thousands):

	December 31,	
	2015	2014
Building and improvements	\$ 117,034	\$ 108,178
Furniture and equipment	54,346	49,290
Funeral home land	11,797	10,028
Property and equipment - gross	183,177	167,496
Less: accumulated depreciation	(67,050)	(57,077)
Property and equipment, net of accumulated depreciation	\$ 116,127	\$ 110,419

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Depreciation expense was \$10.6 million, \$8.9 million and \$7.5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

7. MERCHANDISE TRUSTS

At December 31, 2015 and 2014, the Partnership's merchandise trusts consisted of investments in debt and equity marketable securities and cash equivalents, both directly as well as through mutual and investment funds. Certain assets related to 2015 acquisitions have not yet been received. Accordingly, a portion of the assets are shown in a single line item in the disclosures below as "Assets acquired via acquisition" and the cost basis and fair value of such assets are based upon preliminary estimates that the Partnership is required to make in accordance with Accounting Topic 805.

All of these investments are classified as Available for Sale and accordingly, all of the assets are carried at fair value. All of these investments are considered either Level 1 or Level 2 assets pursuant to the three-level hierarchy (see Note 15). There were no Level 3 assets.

The merchandise trusts are variable interest entities (VIE) for which the Partnership is the primary beneficiary. The assets held in the merchandise trusts are required to be used to purchase the merchandise to which they relate. If the value of these assets falls below the cost of purchasing such merchandise, the Partnership may be required to fund this shortfall.

The Partnership included \$8.2 million and \$8.3 million of investments held in trust by the West Virginia Funeral Directors Association at December 31, 2015 and December 31, 2014, respectively in its merchandise trust assets. As required by law, the Partnership deposits a portion of certain funeral merchandise sales in West Virginia into a trust that is held by the West Virginia Funeral Directors Association. These trusts are recognized at their account value, which approximates fair value.

A reconciliation of the Partnership's merchandise trust activities for the years ended December 31, 2015 and 2014 is presented below (in thousands):

	Years Ended December 31,	
	2015	2014
Balance - beginning of period	\$ 484,820	\$ 431,556
Contributions	80,693	87,271
Distributions	(50,987)	(57,788)
Interest and dividends	21,859	21,827
Capital gain distributions	2,413	1,242
Realized gains and losses	13,941	14,857
Other than temporary impairment	(54,527)	
Taxes	(3,271)	(2,543)
Fees	(3,296)	(2,890)
Unrealized change in fair value	(26,969)	(8,712)
Balance - end of period	\$ 464,676	\$ 484,820

During the year ended December 31, 2015, purchases and sales of securities available for sale included in trust investments were approximately \$554.7 million and \$522.2 million, respectively. During the year ended December 31, 2014, purchases and sales of securities available for sale included in trust investments were approximately \$430.5 million and \$440.8 million, respectively.

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The cost and market value associated with the assets held in the merchandise trusts at December 31, 2015 and 2014 were as follows (in thousands):

December 31, 2015	Fair Value Hierarchy Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments	1	\$ 35,150	\$	\$	\$ 35,150
Fixed maturities:					
U.S. State and local government agency	2	98	6	(3)	101
Corporate debt securities	2	11,922	8	(546)	11,384
Other debt securities	2	7,150	11	(7)	7,154
Total fixed maturities		19,170	25	(556)	18,639
Mutual funds - debt securities	1	232,096	86	(10,713)	221,469
Mutual funds - equity securities	1	139,341	69	(12,249)	127,161
Equity securities	1	49,563	1,127	(2,474)	48,216
Other invested assets	2	1,681			1,681
Total managed investments		\$ 477,001	\$ 1,307	\$ (25,992)	\$ 452,316
Assets acquired via acquisition		4,185			4,185
West Virginia Trust Receivable		8,175			8,175
Total		\$ 489,361	\$ 1,307	\$ (25,992)	\$ 464,676

December 31, 2014	Fair Value Hierarchy Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments	1	\$ 52,521	\$	\$	\$ 52,521
Fixed maturities:					
U.S. State and local government agency	2	270		(1)	269
Corporate debt securities	2	9,400	23	(447)	8,976
Other debt securities	2	7,157		(18)	7,139
Total fixed maturities		16,827	23	(466)	16,384
Mutual funds - debt securities	1	150,477	869	(8,666)	142,680
Mutual funds - equity securities	1	167,353	12,568	(463)	179,458
Equity securities	1	81,639	4,167	(5,507)	80,299
Other invested assets	2	5,400		(241)	5,159
Total managed investments		\$ 474,217	\$ 17,627	\$ (15,343)	\$ 476,501
West Virginia Trust Receivable		8,319			8,319

Total	\$ 482,536	\$ 17,627	\$ (15,343)	\$ 484,820
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The contractual maturities of debt securities held within the merchandise trusts as of December 31, 2015 were as follows (in thousands):

	Less than 1 year	1 year through 5 years	6 years through 10 years	More than 10 years
December 31, 2015				
U.S. State and local government agency	\$	\$ 23	\$ 78	\$
Corporate debt securities		8,152	3,232	
Other debt securities	3,520	3,634		
Total fixed maturities	\$ 3,520	\$ 11,809	\$ 3,310	\$

Temporary Declines in Fair Value

The Partnership evaluates declines in fair value below cost for each asset held in the merchandise trusts on a quarterly basis.

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An aging of unrealized losses on the Partnership's investments in debt and equity securities within the merchandise trusts at December 31, 2015 and December 31, 2014 is presented below:

December 31, 2015	Less than 12 months		12 Months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in thousands)					
Fixed maturities:						
U.S. State and local government agency	\$	\$	\$ 33	\$ 3	\$ 33	\$ 3
Corporate debt securities	7,247	411	1,513	135	8,760	546
Other debt securities	2,883	7			2,883	7
Total fixed maturities	10,130	418	1,546	138	11,676	556
Mutual funds - debt securities	121,777	6,938	36,682	3,775	158,459	10,713
Mutual funds - equity securities	58,467	10,994	5,465	1,255	63,932	12,249
Equity securities	21,480	2,275	649	199	22,129	2,474
Total	\$ 211,854	\$ 20,625	\$ 44,342	\$ 5,367	\$ 256,196	\$ 25,992

December 31, 2014	Less than 12 months		12 Months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in thousands)					
Fixed maturities:						
U.S. State and local government agency	\$ 143	\$ 1	\$	\$	\$ 143	\$ 1
Corporate debt securities	5,905	342	1,506	105	7,411	447
Other debt securities	2,370	8	4,769	10	7,139	18
Total fixed maturities	8,418	351	6,275	115	14,693	466
Mutual funds - debt securities	32,072	1,039	95,629	7,627	127,701	8,666
Mutual funds - equity securities	4,147	463			4,147	463
Equity securities	44,563	4,641	3,909	866	48,472	5,507
Other invested assets			4,881	241	4,881	241
Total	\$ 89,200	\$ 6,494	\$ 110,694	\$ 8,849	\$ 199,894	\$ 15,343

For all securities in an unrealized loss position, the Partnership evaluated the severity of the impairment and length of time that a security has been in a loss position and concluded the decline in fair value below the asset's cost was temporary in nature. In addition, the Partnership is not aware of any circumstances that would prevent the future market value recovery for these securities.

Other-Than-Temporary Impairment of Trust Assets

The Partnership assesses its merchandise trust assets for other-than-temporary declines in fair value on a quarterly basis. During the year ended December 31, 2015, the Partnership determined that there were securities with an aggregate cost basis of approximately \$196.8 million and an aggregate fair value of approximately \$142.3 million, resulting in an impairment of \$54.5 million, with such impairment considered to be other-than-temporary. During the year ended December 31, 2014, the Partnership determined that there were securities with an aggregate cost basis of approximately \$0.9 million and an aggregate fair value of approximately \$0.5 million, resulting in an impairment of \$0.4 million, with such impairment considered to be other-than-temporary. Accordingly, the Partnership adjusted the cost basis of these assets to their fair value, with a corresponding adjustment to deferred revenues on the consolidated balance sheet. This adjustment to deferred revenues will be reflected within the Partnership's consolidated statement of operations in future periods as the underlying merchandise is delivered or the underlying service is performed.

8. PERPETUAL CARE TRUSTS

At December 31, 2015 and 2014, the Partnership's perpetual care trusts consisted of investments in debt and equity marketable securities and cash equivalents, both directly as well as through mutual and investment funds. Certain assets related to 2015 acquisitions have not yet been received. Accordingly, a portion of the assets are shown in a single line item in the disclosures below as "Assets acquired via acquisition" and the cost basis and fair value of such assets are based upon preliminary estimates that the Partnership is required to make in accordance with Accounting Topic 805.

All of these investments are classified as Available for Sale and accordingly, all of the assets are carried at fair value. All of these investments are considered either Level 1 or Level 2 assets pursuant to the three-level hierarchy (see Note 15). There were no Level 3 assets. The perpetual care trusts are VIEs for which the Partnership is the primary beneficiary.

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A reconciliation of the Partnership's perpetual care trust activities for the years ended December 31, 2015 and 2014 is presented below (in thousands):

	Years Ended December 31,	
	2015	2014
Balance - beginning of period	\$ 345,105	\$ 311,771
Contributions	15,919	34,332
Distributions	(15,003)	(14,308)
Interest and dividends	18,019	15,044
Capital gain distributions	1,952	125
Realized gains and losses	12,323	(164)
Other than temporary impairment	(29,047)	
Taxes	(631)	(654)
Fees	(2,163)	(2,054)
Unrealized change in fair value	(38,670)	1,013
Balance - end of period	\$ 307,804	\$ 345,105

During the year ended December 31, 2015, purchases and sales of securities available for sale included in trust investments were approximately \$359.3 million and \$349.0 million, respectively. During the year ended December 31, 2014, purchases and sales of securities available for sale included in trust investments were approximately \$157.5 million and \$165.7 million, respectively.

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The cost and market value associated with the assets held in the perpetual care trusts at December 31, 2015 and 2014 were as follows (in thousands):

	Fair Value Hierarchy Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2015					
Short-term investments	1	\$ 36,618	\$	\$	\$ 36,618
Fixed maturities:					
U.S. State and local government agency	2	126	14		140
Corporate debt securities	2	22,837	57	(845)	22,049
Other debt securities	2	36		(1)	35
Total fixed maturities		22,999	71	(846)	22,224
Mutual funds - debt securities	1	184,866	35	(7,180)	177,721
Mutual funds - equity securities	1	68,079	1,054	(1,713)	67,420
Equity securities	1	2,319	636	(7)	2,948
Other invested assets	2	473	1	(162)	312
Total managed investments		\$ 315,354	\$ 1,797	\$ (9,908)	\$ 307,243
Assets acquired via acquisition		561			561
Total		\$ 315,915	\$ 1,797	\$ (9,908)	\$ 307,804

	Fair Value Hierarchy Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2014					
Short-term investments	1	\$ 26,644	\$	\$	\$ 26,644
Fixed maturities:					
U.S. Government and federal agency	1	100	16		116
U.S. State and local government agency	2	78	1		79
Corporate debt securities	2	24,275	104	(913)	23,466
Other debt securities	2	371			371
Total fixed maturities		24,824	121	(913)	24,032
Mutual funds - debt securities	1	128,735	379	(5,220)	123,894
Mutual funds - equity securities	1	103,701	23,003	(1,268)	125,436
Equity securities	1	30,617	14,704	(247)	45,074
Other invested assets	2	25			25

Total	\$ 314,546	\$ 38,207	\$ (7,648)	\$ 345,105
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The contractual maturities of debt securities held in the perpetual care trusts as of December 31, 2015 were as follows (in thousands):

December 31, 2015	Less than 1 year	1 year through 5 years	6 years through 10 years	More than 10 years
U.S. State and local government agency		112	28	
Corporate debt securities	202	16,138	5,650	59
Other debt securities	35			
Total fixed maturities	\$ 237	\$ 16,250	\$ 5,678	\$ 59

Temporary Declines in Fair Value

The Partnership evaluates declines in fair value below cost of each individual asset held in the perpetual care trusts on a quarterly basis.

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An aging of unrealized losses on the Partnership's investments in fixed maturities and equity securities at December 31, 2015 and 2014 is presented below:

December 31, 2015	Less than 12 months		12 Months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in thousands)					
Fixed maturities:						
U.S. State and local government agency	\$	\$	\$ 112	\$	\$ 112	\$
Corporate debt securities	12,482	535	4,505	310	16,987	845
Other debt securities	35	1			35	1
Total fixed maturities	12,517	536	4,617	310	17,134	846
Mutual funds - debt securities	81,215	4,263	50,774	2,917	131,989	7,180
Mutual funds - equity securities	16,514	1,363	4,308	350	20,822	1,713
Equity securities	488	6	1,137	1	1,625	7
Other invested assets			315	162	315	162
Total	\$ 110,734	\$ 6,168	\$ 61,151	\$ 3,740	\$ 171,885	\$ 9,908

December 31, 2014	Less than 12 months		12 Months or more		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in thousands)					
Fixed maturities:						
Corporate debt securities	\$ 14,434	\$ 798	\$ 2,519	\$ 115	\$ 16,953	\$ 913
Other debt securities						
Total fixed maturities	14,434	798	2,519	115	16,953	913
Mutual funds - debt securities	30,345	768	86,814	4,452	117,159	5,220
Mutual funds - equity securities	13,035	1,268			13,035	1,268
Equity securities	3,866	245	620	2	4,486	247
Other invested assets						
Total	\$ 61,680	\$ 3,079	\$ 89,953	\$ 4,569	\$ 151,633	\$ 7,648

For all securities in an unrealized loss position, the Partnership evaluated the severity of the impairment and length of time that a security has been in a loss position and concluded the decline in fair value below the asset's cost was temporary in nature. In addition, the Partnership is not aware of any circumstances that would prevent the future market value recovery for these securities.

Other-Than-Temporary Impairment of Trust Assets

The Partnership assesses its perpetual care trust assets for other-than-temporary declines in fair value on a quarterly basis. During the year ended December 31, 2015, the Partnership determined that there were securities with an aggregate cost basis of approximately \$107.7 million and an aggregate fair value of approximately \$78.7 million, resulting in an impairment of \$29.0 million, with such impairment considered to be other-than-temporary. During the year ended December 31, 2014, the Partnership determined that there were securities with an aggregate cost basis of approximately \$1.4 million and an aggregate fair value of approximately \$0.8 million, resulting in an impairment of \$0.6 million, with such impairment considered to be other-than-temporary. Accordingly, the Partnership adjusted the cost basis of these assets to their current value and offset this change against the liability for perpetual care trust corpus.

9. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Partnership has revised its reporting units from prior presentations based on how it currently manages the operating segments. There are now two reporting units, which are classified as Cemetery Operations and Funeral Homes. The Partnership has recorded goodwill of approximately \$69.9 million and \$58.8 million as of December 31, 2015 and 2014, respectively. This amount represents the excess of the purchase price over the fair value of identifiable net assets acquired (see Note 3).

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A rollforward of goodwill by reportable segment is as follows (in thousands):

	Cemeteries	Funeral Homes	Total
Balance at December 31, 2013	\$ 18,122	\$ 30,615	\$ 48,737
Goodwill from acquisitions during 2014	6,064	4,035	10,099
Balance at December 31, 2014	24,186	34,650	58,836
Goodwill from acquisitions during 2015	1,134	9,881	11,015
Balance at December 31, 2015	\$ 25,320	\$ 44,531	\$ 69,851

The Partnership tests goodwill for impairment at each year end by comparing its reporting units' estimated fair values to carrying values (see Note 1). There were no goodwill impairments recognized by the Partnership during the years ended December 31, 2015, 2014 and 2013. Management will continue to evaluate goodwill at least annually or when impairment indicators arise.

Intangible Assets

The Partnership has intangible assets with finite lives recognized in connection with acquisitions and long-term lease, management and operating agreements. The Partnership amortizes these intangible assets over their estimated useful lives. The following table reflects the components of intangible assets at December 31, 2015 and 2014 (in thousands):

	December 31, 2015			December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Intangible Asset	Gross Carrying Amount	Accumulated Amortization	Net Intangible Asset
Lease and management agreements	\$ 59,758	\$ (1,577)	\$ 58,181	\$ 59,758	\$ (581)	\$ 59,177
Underlying contract value	6,239	(1,014)	5,225	6,239	(858)	5,381
Non-compete agreements	5,656	(3,112)	2,544	5,250	(2,126)	3,124
Other intangible assets	1,439	(180)	1,259	1,439	(131)	1,308
Total intangible assets	\$ 73,092	\$ (5,883)	\$ 67,209	\$ 72,686	\$ (3,696)	\$ 68,990

Amortization expense for intangible assets was \$2.2 million, \$2.1 million, and \$2.0 million for the years ended December 31, 2015, 2014, and 2013 respectively. The following is estimated amortization expense related to intangible assets with finite lives for the five years subsequent to December 31, 2015 (in thousands):

2016	\$ 2,181
2017	\$ 1,956
2018	\$ 1,708
2019	\$ 1,440
2020	\$ 1,266

10. LONG-TERM DEBT

Total debt consists of the following at the dates indicated (in thousands):

	December 31,	
	2015	2014
Credit Facility:		
Working Capital Draws	\$ 105,000	\$ 85,902
Acquisition Draws	44,500	25,000
7.875% Senior Notes, due June 2021	172,186	171,783
Notes payable - acquisition debt	687	861
Notes payable - acquisition non-competes	1,629	2,451
Insurance and vehicle financing	2,336	1,632
Less deferred financing costs, net of accumulated amortization	(7,499)	(9,089)
Total debt	318,839	278,540
Less current maturities	(2,440)	(2,251)
Total long-term debt	\$ 316,399	\$ 276,289

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The Partnership is a party to the Fourth Amended and Restated Credit Agreement (the *Credit Agreement*) which provides for a single revolving credit facility of \$180.0 million (the *Credit Facility*) maturing on December 19, 2019. Additionally the Credit Agreement provides for an uncommitted ability to increase the Credit Facility by an additional \$70.0 million. The Partnership's obligations under the Credit Facility are secured by substantially all of the assets of the Partnership, excluding those held in trust. Borrowings under the Credit Facility are classified as either acquisition draws or working capital draws. Acquisition draws may be utilized to finance permitted acquisitions, the purchase and construction of mausoleums and related costs or the net amount of merchandise trust deposits. Working capital draws may be utilized to finance working capital requirements, capital expenditures and for other general corporate purposes. The amount of the Credit Facility that is available for working capital draws is subject to a borrowing formula equal to 85% of eligible accounts receivable, as defined within the Credit Agreement. At December 31, 2015, the amount available under the Credit Facility for working capital advances under this limit was \$139.0 million.

Each individual acquisition draw is subject to equal quarterly amortization of the principal amount, with annual principal payments comprised of ten percent of the related advance amount, commencing on the second anniversary of such advance, with the remaining principal due on December 19, 2019, subject to certain mandatory prepayment requirements. Up to \$10.0 million of the Credit Facility may be in the form of standby letters of credit, of which there were none outstanding at December 31, 2015 and 2014.

Borrowings under the Credit Facility bear interest, at the Partnership's election, at either an adjusted LIBOR rate plus an applicable margin between 2.25% and 4.00% per annum or the base rate (which is the higher of the bank's prime rate, the Federal funds rate plus 0.5% or one-month LIBOR plus 1.00%) plus an applicable margin between 1.25% and 3.00% per annum. The Partnership is also required to pay a fee on the unused portion of the Credit Facility at a rate between 0.375% and 0.8% per annum, which is included within interest expense on the Partnership's consolidated statements of operations. At December 31, 2015, the weighted average interest rate on outstanding borrowings under the Credit Facility was 3.8%.

The Credit Agreement contains customary covenants that limit the Partnership's ability to incur additional indebtedness, grant liens, make loans or investments, make cash distributions if a default exists or would result from the distribution, merger or consolidation with other persons, or engage in certain asset dispositions including the sale of all or substantially all of its assets. The Partnership was in compliance with these covenants as of December 31, 2015. The Credit Agreement also requires the Partnership to maintain:

Consolidated EBITDA (as defined in the Credit Agreement), calculated over a period of four consecutive fiscal quarters, to be no less than the sum of (i) \$80.0 million plus (ii) 80% of the aggregate Consolidated EBITDA for each permitted acquisition completed after June 30, 2014;

the ratio of Consolidated EBITDA (as defined in the Credit Agreement) to Consolidated Debt Service (as defined in the Credit Agreement), calculated over a period of four fiscal quarters, or the Consolidated Debt Service Coverage Ratio, of not less than 2.50 to 1.00 for any period; and

the ratio of Consolidated Funded Indebtedness (as defined in the Credit Agreement) to Consolidated EBITDA (as defined in the Credit Agreement), calculated over a period of four fiscal quarters, or the

Consolidated Leverage Ratio, of not greater than 4.00 to 1.00 for any period.

At December 31, 2015, the Partnership's Consolidated Leverage Ratio and the Consolidated Debt Service Coverage Ratio were 3.23 and 4.62, respectively.

Senior Notes

On May 28, 2013, the Partnership issued \$175.0 million aggregate principal amount of 7.875% Senior Notes due 2021 (the Senior Notes). The Partnership pays 7.875% interest per annum on the principal amount of the Senior Notes, payable in cash semi-annually in arrears on June 1 and December 1 of each year. The net proceeds from the offering were used to retire a \$150.0 million aggregate principal amount of 10.25% Senior Notes due 2017 and the remaining proceeds were used for general corporate purposes. The Senior Notes were issued at 97.832% of par resulting in gross proceeds of \$171.2 million with an original issue discount of approximately \$3.8 million. The Partnership incurred debt issuance costs and fees of approximately \$4.6 million. These costs and fees are deferred and will be amortized over the life of the Senior Notes. The Senior Notes mature on June 1, 2021.

At any time prior to June 1, 2016, the Partnership may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings at the redemption price of 107.875%, plus accrued and unpaid interest, if any, to the redemption date, provided that (i) at least 65% of the aggregate principal amount of the Senior Notes remain outstanding and (ii) the redemption occurs within 180 days of the closing date of such equity offering. At any time on or after June 1, 2016, we may redeem the Senior Notes, in whole or in part, at the redemption prices (expressed as percentages of the principal amount) set forth below, together with accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period beginning June 1 of the years indicated:

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Year	Percentage
2016	105.906%
2017	103.938%
2018	101.969%
2019 and thereafter	100.000%

In addition, at any time prior to June 1, 2016, the Partnership may also redeem all or any portion of the Senior Notes, at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed, plus the Applicable Premium (as defined in the Indenture), including accrued and unpaid interest.

Subject to certain exceptions, upon the occurrence of a Change of Control (as defined in the Indenture), each holder of the Senior Notes will have the right to require the Partnership to purchase that holder's Senior Notes for a cash price equal to 101% of the principal amounts to be purchased, plus accrued and unpaid interest.

The Senior Notes are jointly and severally guaranteed by certain of our material subsidiaries. The Indenture governing the Senior Notes contains covenants, including limitations of the Partnership's ability to incur additional indebtedness and liens, make certain dividends, distributions, redemptions or investments, enter into certain transactions with affiliates, make certain asset sales, and engage in certain mergers, consolidations or sales of all or substantially all of the Partnership's assets. As of December 31, 2015, the Partnership was in compliance with these covenants.

11. INCOME TAXES

The Partnership is not subject to U.S. federal and most state income taxes. The partners of the Partnership are liable for income tax in regard to their distributive share of the Partnership's taxable income. Such taxable income may vary substantially from net income reported in the accompanying consolidated financial statements. Certain corporate subsidiaries are subject to federal and state income tax. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Partnership records a valuation allowance against its deferred tax assets if it deems that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realizable in future periods.

Income tax expense (benefit) for the years ended December 31, 2015, 2014 and 2013 consisted of the following (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Current provision:			
State	\$ 723	\$ 869	\$ 685
Federal			
Foreign	229	302	(125)
Total	952	1,171	560

Deferred provision:

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State	(368)	351	187
Federal	230	2,535	(4,261)
Foreign	124		
Total	(14)	2,886	(4,074)
Total income tax expense (benefit)	\$ 938	\$ 4,057	\$ (3,514)

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A reconciliation of the federal statutory tax rate to the Partnership's effective tax rate is as follows (in thousands):

	Years Ended December 31,		
	2015	2014	2013
Computed tax provision (benefit) at the applicable statutory tax rate	35.0%	35.0%	35.0%
State and local taxes net of federal income tax benefit	-1.6%	-12.2%	-1.5%
Tax exempt (income) loss	-4.5%	-21.4%	-6.7%
Change in valuation allowance	-65.6%	-223.3%	-37.7%
Partnership earnings not subject to tax	32.4%	137.3%	11.0%
Permanent differences	0.2%	1.3%	14.4%
Other	-0.1%	-1.0%	0.7%
 Income tax expense (benefit)	 -4.2%	 -84.3%	 15.2%

Significant components of the deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2015	2014
Deferred tax assets:		
Prepaid expenses	\$ 7,626	\$ 5,373
State net operating loss	14,260	13,015
Federal net operating loss	92,688	79,201
Other	67	(831)
Valuation allowance	(76,468)	(58,749)
 Total deferred tax assets	 38,173	 38,009
Deferred tax liabilities:		
Property, plant and equipment	9,290	8,058
Deferred revenue related to future revenues and accounts receivable	37,241	38,623
Deferred revenue related to cemetery property	9,208	8,939
 Total deferred tax liabilities	 55,739	 55,620
 Net deferred tax liabilities	 \$ 17,566	 \$ 17,611

Net deferred tax assets and liabilities were classified on the consolidated balance sheets as follows:

Deferred tax assets	\$ 181	\$ 181
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Noncurrent assets	181	181
Deferred tax assets	37,992	37,828
Deferred tax liabilities	55,739	55,620
Noncurrent liabilities	17,747	17,792
Net deferred tax liabilities	\$ 17,566	\$ 17,611

At December 31, 2015, the Partnership had available approximately less than \$0.1 million of alternative minimum tax credit carryforwards, which are available indefinitely, and \$264.5 million of federal net operating loss carryforwards, which will begin to expire in 2017 and \$321.8 million in state net operating loss carryforwards, a portion of which expires annually.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. At December 31, 2015, based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Partnership will realize a partial benefit of these deductible differences. The amount of deferred tax assets considered realizable could be reduced in the future if estimates of future taxable income during the carryforward period are reduced.

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In accordance with applicable accounting standards, the Partnership recognizes only the impact of income tax positions that, based upon their merits, are more likely than not to be sustained upon audit by a taxing authority. To evaluate its current tax positions in order to identify any material uncertain tax positions, the Partnership developed a policy of identifying and evaluating uncertain tax positions that considers support for each tax position, industry standards, tax return disclosures and schedules and the significance of each position. It is the Partnership's policy to recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense. At December 31, 2015 and 2014, the Partnership had no material uncertain tax positions.

The Partnership is not currently under examination by any federal or state jurisdictions. The federal statute of limitations and certain state statutes of limitations are open from 2012 forward.

12. DEFERRED REVENUES

The Partnership defers revenues and all direct costs associated with the sale of pre-need cemetery merchandise and services until the merchandise is delivered or the services are performed. The Partnership recognizes deferred merchandise and service revenues as deferred revenues within long-term liabilities on its consolidated balance sheet. The Partnership recognizes deferred direct costs associated with pre-need merchandise and service revenues as deferred selling and obtaining costs within long-term assets on its consolidated balance sheet. The Partnership also defers the costs to obtain new pre-need cemetery and new prearranged funeral business as well as the investment earnings on the prearranged services and merchandise trusts (see Note 1).

At December 31, 2015 and 2014, deferred revenues, consisted of the following (in thousands):

	December 31,	
	2015	2014
Deferred contract revenues	\$ 759,812	\$ 693,287
Deferred merchandise trust revenue	80,294	104,717
Deferred merchandise trust unrealized gains (losses)	(24,685)	2,284
Deferred revenues	\$ 815,421	\$ 800,288
Deferred selling and obtaining costs	\$ 111,542	\$ 97,795

13. LONG-TERM INCENTIVE AND RETIREMENT PLANS**2014 Long-Term Incentive Plan**

During the year ended December 31, 2014, the General Partner's Board of Directors (the Board) and the Partnership's unitholders approved a Long-Term Incentive Plan (2014 LTIP). The compensation committee of the Board (the Compensation Committee) administers the 2014 LTIP. The 2014 LTIP permits the grant of awards, which may be in the form of phantom units, restricted units, unit appreciation rights (UAR), or unit options, including performance factors for each, covering an aggregate of 1,500,000 common units, a number that the Board may increase by up to 100,000 common units per year. At December 31, 2015, the estimated number of common units to be issued upon vesting and exercise of outstanding rights under this plan was 102,661, including management's estimated amounts for awards with performance factors. A cumulative number of 14,455 common units have been issued, leaving 1,382,884 common units available for future issuance under the plan, assuming no increases by the Board.

Phantom Unit Awards

Phantom units represent rights to receive a common unit or an amount of cash, or a combination of either, based upon the value of a common unit. Phantom units become payable, in cash or common units, at the Partnership's election, upon the separation of directors and executives from service or upon the occurrence of certain other events specified in the underlying agreements. Phantom units are subject to terms and conditions determined by the Compensation Committee, which may include vesting restrictions. In tandem with phantom unit grants, the compensation committee may grant distribution equivalent rights (DERs), which are the right to receive an amount in cash or common units equal to the cash distributions made by the Partnership with respect to common unit during the period that the underlying phantom unit is outstanding. All phantom units outstanding under the 2014 LTIP at December 31, 2015 contain tandem DERs.

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The following table sets forth the 2014 LTIP phantom unit award activity for the years ended December 31, 2015, and 2014, respectively:

	Years Ended December 31,	
	2015	2014
Outstanding, beginning of period	2,189	
Granted (1)	122,154	2,189
Settled in common units or cash (1)	(14,455)	
Performance vesting forfeiture	(7,227)	
Outstanding, end of period (2)	102,661	2,189

- (1) The weighted-average grant date fair value for the unit awards on the date of grant was \$26.94 and \$26.27 for the years ended December 31, 2015 and 2014, respectively. The intrinsic values of unit awards vested during the years ended December 31, 2015 and 2014 were \$0.6 million and \$0.1 million, respectively.
- (2) Based on the closing price of the common units on December 31, 2015, the estimated intrinsic value of the outstanding unit awards was \$2.7 million at December 31, 2015.

2004 Long-Term Incentive Plan

The Compensation Committee administers the Partnership's 2004 Long-Term Incentive Plan (2004 LTIP). The 2004 LTIP permitted the grant of awards, which may be in the form of phantom units, restricted units, unit appreciation rights (UAR), or unit options. At December 31, 2015, the estimated number of common units to be issued upon vesting and exercise of outstanding rights under this plan was 187,328, based upon the closing price of our common units at December 31, 2015. A cumulative number of 626,188 common units have been issued under the plan. There were no phantom units, restricted units, UARs and unit options available for grant under the 2004 LTIP at December 31, 2015 because the plan expired in 2014.

Phantom Unit Awards

Phantom unit awards granted under the 2004 plan included tandem DERs. These DERs continue to accrue until the underlying securities are issued. The following table sets forth the 2004 LTIP phantom unit award activity for the years ended December 31, 2015, 2014 and 2013, respectively:

	Years Ended December 31,		
	2015	2014	2013
Outstanding, beginning of period	169,122	162,103	143,213
Granted (1)	15,335	23,003	18,890
Settled in common units or cash		(15,984)	
Outstanding, end of period (2)	184,457	169,122	162,103

- (1) The weighted-average grant date fair value for the phantom unit awards on the date of grant was \$28.42, \$24.90, and \$25.29 for the years ended December 31, 2015, 2014 and 2013, respectively. The intrinsic values of phantom unit awards vested during the years ended December 31, 2015, 2014 and 2013 were \$0.9 million, \$1.0 million and \$0.8 million, respectively.
- (2) Based on the closing price of the common units on December 31, 2015, the estimated intrinsic value of the outstanding restricted phantom units was \$4.9 million.

Total compensation expense for phantom unit awards under both the 2004 and 2014 plans was approximately \$1.0 million, \$1.0 million and \$0.8 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Unit Appreciation Rights Awards

UAR awards represent rights to receive a right to receive common units in an amount equal to the closing price of the Partnership's common units on the date preceding the exercise date less the exercise price of the UAR award, to the extent the closing price of the Partnership's common units on the date preceding the exercise date is in excess of the exercise price. This amount is then divided by the closing pricing of the Partnership's common units on the date preceding the exercise date to determine the number of common units issued to the participant. UAR awards are subject to terms and conditions determined by the Compensation Committee, which may include vesting restrictions. UAR awards granted through December 31, 2015 have a five-year contractual

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term beginning on the grant date and vest ratably over a period of 48 months beginning on the grant date. Of the UAR awards outstanding at December 31, 2015, 20,313 awards will vest within the following twelve months. The following table sets forth the UAR award activity for the years ended December 31, 2015, 2014 and 2013:

	Years Ended December 31,		
	2015	2014	2013
Outstanding, beginning of period	123,000	673,716	774,598
Granted		15,000	52,500
Exercised	(50,477)	(554,466)	(133,110)
Forfeited	(5,730)	(11,250)	(20,272)
Outstanding, end of period (1)	66,793	123,000	673,716
Exercisable, end of period	33,092	57,090	594,248

(1) Based on the closing price of the common units on December 31, 2015 the estimated intrinsic value of the outstanding UARs was \$0.1 million. The weighted average remaining contractual life for outstanding UAR awards at December 31, 2015 was 2.6 years.

At December 31, 2015, the Partnership had approximately \$0.1 million of unrecognized compensation expense related to unvested UAR awards that will be recognized through the year ended December 31, 2018. The Partnership recognized total compensation expense for UAR awards of \$0.1 million, \$0.1 million and \$0.5 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Partnership issued 7,716, 152,823 and 34,096 common units due to exercised UAR awards for the years ended December 31, 2015, 2014 and 2013, respectively.

The Partnership's estimated fair value of UAR awards granted during the years ended December 31, 2014 and 2013 were calculated on the grant date using the Black-Scholes-Merton option pricing model, which is based on Level 3 inputs. There were no UAR awards granted during the year ended December 31, 2015. A summary of the weighted-average assumptions used in the valuation are presented below:

	Years Ended December 31,	
	2014	2013
Expected dividend yield	9.95%	9.14%
Risk-free interest rate	1.06%	0.63%
Expected volatility	27.13%	28.57%
Expected life (in years)	3.52	3.52
Fair value per UAR granted	\$ 1.60	\$ 2.09

The aggregate fair values of UARs granted during the years ended December 31, 2014 and 2013 were approximately \$0.1 million.

14. COMMITMENTS AND CONTINGENCIES*Legal*

During the year ended December 31, 2015, the Partnership recognized a charge pertaining to a legal settlement of a Fair Labor Standards Act claim. This \$3.1 million amount is recorded under Legal settlement on the consolidated statement of operations and consists of the settlement amount and legal fees related to the case.

The Partnership is party to legal proceedings in the ordinary course of its business but does not expect the outcome of any proceedings, individually or in the aggregate, to have a material effect on its financial position or results of operations.

Leases

The Partnership has noncancelable operating leases for equipment and office space that expire at various dates with initial terms ranging from one to twenty-five years. Certain operating leases provide the Partnership with the option to renew for additional periods. Where operating leases contain escalation clauses, rent abatements, and/or concessions, the Partnership applies them in the determination of straight-line rent expense over the lease term. Leasehold improvements are amortized over the shorter of the lease term or asset life, which may include renewal periods where the renewal is reasonably assured, and is included in the determination of straight-line rent expense. Total rent expense for the years ended December 31, 2015, 2014 and 2013 was \$3.4 million, \$2.5 million and \$2.7 million, respectively. The aggregate amount of remaining future minimum lease payments as of December 31, 2015 is as follows (in thousands):

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2016	\$ 3,356
2017	3,520
2018	3,411
2019	3,069
2020	1,784
Thereafter	10,471
Total	\$ 25,611

Employment Agreements

As of December 31, 2015, the Partnership has an employment agreement with one of its senior executives for a term of three years beginning July 22, 2013.

Other

In connection with the Partnership's lease and management agreements with the Archdiocese of Philadelphia, it has committed to certain future lease payment commitments (see Note 3).

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has established a hierarchy to measure the Partnership's financial instruments at fair value, which requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs represent market data obtained from independent sources; whereas, unobservable inputs reflect the Partnership's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. The hierarchy defines three levels of inputs that may be used to measure fair value:

Level 1 Unadjusted quoted market prices in active markets for identical, unrestricted assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the same contractual term of the asset or liability.

Level 3 Unobservable inputs that the entity's own assumptions about the assumptions market participants would use in the pricing of the asset or liability and are consequently not based on market activity but rather through particular valuation techniques.

The Partnership's current assets and liabilities on its consolidated balance sheets are considered to be financial instruments, and their estimated fair values approximate their carrying values due to their short-term nature and thus are categorized as Level 1. The Partnership's merchandise and perpetual care trusts consist of investments in debt and equity marketable securities and cash equivalents, are carried at fair value, and are considered either Level 1 or Level 2 (see Note 7 and 8).

The Partnership's other financial instruments at December 31, 2015 and 2014 consist of its Senior Notes and outstanding borrowings under its revolving credit facility (see Note 10). The estimated fair values of the Partnership's Senior Notes at December 31, 2015 and 2014 were \$179.9 million and \$182.2 million, respectively, based on trades made on those dates, compared with the carrying amounts of \$172.2 million and \$171.8 million, respectively. At December 31 2015 and 2014, the carrying values of outstanding borrowings under the Partnership's revolving credit

facility (see Note 10), which bears interest at variable interest rates with maturities of 90 days or less, approximated their estimated fair values. The Senior Notes are valued using Level 2 inputs.

16. SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The Partnership's Senior Notes are guaranteed by StoneMor Operating LLC and its wholly-owned subsidiaries. The guarantees are full, unconditional, joint and several. The Partnership, or the Parent, and its wholly-owned subsidiary Cornerstone Family Services of West Virginia Subsidiary Inc., are the co-issuers of the Senior Notes. The co-issuers guarantees are full, unconditional,

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joint and several. The Partnership's consolidated financial statements as of and for the years ended December 31, 2015, 2014, and 2013 include the accounts of cemeteries operated under long-term lease, operating or management agreements. Under the terms of the Senior Notes these entities are non-guarantor subsidiaries as they are not wholly-owned by the Partnership. The Partnership's consolidated financial statements also contain merchandise and perpetual care trusts that are also non-guarantor subsidiaries under the agreement. The following supplemental condensed consolidating financial information reflects the Partnership's standalone accounts, the combined accounts of the subsidiary co-issuer, the combined accounts of the guarantor subsidiaries, the combined accounts of the non-guarantor subsidiaries, the consolidating adjustments and eliminations and the Partnership's consolidated accounts as of and for the years ended December 31, 2015, 2014 and 2013. For the purpose of the following financial information, the Partnership's investments in its subsidiaries and the guarantor subsidiaries' investments in its subsidiaries are presented in accordance with the equity method of accounting (in thousands):

CONDENSED CONSOLIDATING BALANCE SHEETS

December 31, 2015	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$	\$	\$ 11,869	\$ 3,284	\$	\$ 15,153
Other current assets		4,858	78,464	12,701		96,023
Total current assets		4,858	90,333	15,985		111,176
Long-term accounts receivable						
		2,888	80,969	11,310		95,167
Cemetery property and equipment						
		1,084	418,400	31,100		450,584
Merchandise trusts						
				464,676		464,676
Perpetual care trusts						
				307,804		307,804
Deferred selling and obtaining costs						
		5,967	91,275	14,300		111,542
Goodwill and intangible assets						
			78,223	58,837		137,060
Other assets						
			14,153	2,195		16,348
Due from affiliates	67,890	122,089	436,811		(626,790)	
Investment in affiliates	181,546	43,550			(225,096)	
Total assets	\$ 249,436	\$ 180,436	\$ 1,210,164	\$ 906,207	\$ (851,886)	\$ 1,694,357
Liabilities and Equity						
Current liabilities	\$	\$ 12	\$ 33,083	\$ 837	\$	\$ 33,932
Long-term debt, net of deferred financing costs						
	67,890	104,295	144,214			316,399
Deferred revenues						
		40,467	697,516	77,438		815,421
Perpetual care trust corpus						
				307,804		307,804
Other long-term liabilities						
			29,761	9,494		39,255

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Due to affiliates			172,185	454,605	(626,790)	
Total liabilities	67,890	144,774	1,076,759	850,178	(626,790)	1,512,811
Partners Capital	181,546	35,662	133,405	56,029	(225,096)	181,546
Total liabilities and partners capital	\$ 249,436	\$ 180,436	\$ 1,210,164	\$ 906,207	\$ (851,886)	\$ 1,694,357

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December 31, 2014	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$	\$	\$ 7,059	\$ 3,342	\$	\$ 10,401
Other current assets		4,293	81,385	10,675		96,353
Total current assets		4,293	88,444	14,017		106,754
Long-term accounts receivable		2,453	76,416	10,667		89,536
Cemetery property and equipment		1,033	411,822	30,223		443,078
Merchandise trusts				484,820		484,820
Perpetual care trusts				345,105		345,105
Deferred selling and obtaining costs		5,744	81,195	10,856		97,795
Goodwill and intangible assets			67,993	59,833		127,826
Other assets			2,294	2,246		4,540
Due from affiliates	67,700	133,569	436,421		(637,690)	
Investment in affiliates	205,610	64,429	8,166		(278,205)	
Total assets	\$ 273,310	\$ 211,521	\$ 1,172,751	\$ 957,767	\$ (915,895)	\$ 1,699,454
Liabilities and Equity						
Current liabilities	\$	\$ 263	\$ 35,888	\$ 815	\$	\$ 36,966
Long-term debt, net of deferred financing costs	67,700	104,100	104,489			276,289
Deferred revenues		44,287	684,631	71,370		800,288
Perpetual care trust corpus				345,105		345,105
Other long-term liabilities			26,429	8,767		35,196
Due to affiliates			171,800	465,890	(637,690)	
Total liabilities	67,700	148,650	1,023,237	891,947	(637,690)	1,493,844
Partners Capital	205,610	62,871	149,514	65,820	(278,205)	205,610
Total liabilities and partners capital	\$ 273,310	\$ 211,521	\$ 1,172,751	\$ 957,767	\$ (915,895)	\$ 1,699,454

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Year Ended December 31, 2015	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenues	\$	\$ 5,751	\$ 275,795	\$ 48,338	\$ (10,299)	\$ 319,585
Total cost and expenses		(10,656)	(269,748)	(47,290)	10,299	(317,395)

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Other income (loss)			(1,891)			(1,891)
Net loss from equity investment in subsidiaries	(17,790)	(21,031)			38,821	
Interest expense	(5,434)	(8,348)	(8,075)	(728)		(22,585)
Net income (loss) before income taxes	(23,224)	(34,284)	(3,919)	320	38,821	(22,286)
Income tax benefit (expense)			(938)			(938)
Net income (loss)	\$ (23,224)	\$ (34,284)	\$ (4,857)	\$ 320	\$ 38,821	\$ (23,224)

Year Ended December 31, 2014	Subsidiary			Guarantor		Non-Guarantor	Consolidated
	Parent	Issuer	Subsidiaries	Subsidiaries	Eliminations		
Total revenues	\$	\$ 8,270	\$ 269,712	\$ 37,938	\$ (12,131)	\$	\$ 303,789
Total cost and expenses		(11,581)	(248,307)	(40,127)	12,131		(287,884)
Other income (loss)			890				890
Net loss from equity investment in subsidiaries	(3,438)	(11,335)			14,773		
Interest expense	(5,434)	(8,347)	(7,430)	(399)			(21,610)
Net income (loss) before income taxes	(8,872)	(22,993)	14,865	(2,588)	14,773		(4,815)
Income tax benefit (expense)			(4,057)				(4,057)
Net income (loss)	\$ (8,872)	\$ (22,993)	\$ 10,808	\$ (2,588)	\$ 14,773	\$	\$ (8,872)

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Year Ended December 31, 2013	Subsidiary			Guarantor Non-Guarantor		Consolidated
	Parent	Issuer	Subsidiaries	Subsidiaries	Eliminations	
Total revenues	\$	\$ 5,762	\$ 234,979	\$ 29,854	\$ (15,069)	\$ 255,526
Total cost and expenses		(8,550)	(223,054)	(34,386)	15,069	(250,921)
Other income (loss)		12,261	(18,910)			(6,649)
Net loss from equity investment in subsidiaries	(14,166)	(6,201)			20,367	
Interest expense	(5,434)	(8,347)	(7,289)			(21,070)
Net income (loss) before income taxes	(19,600)	(5,075)	(14,274)	(4,532)	20,367	(23,114)
Income tax benefit (expense)			3,514			3,514
Net income (loss)	\$ (19,600)	\$ (5,075)	\$ (10,760)	\$ (4,532)	\$ 20,367	\$ (19,600)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended December 31, 2015	Subsidiary			Guarantor Non-Guarantor		Consolidated
	Parent	Issuer	Subsidiaries	Subsidiaries	Eliminations	
Net cash provided by (used in) operating activities	\$ 2,356	\$ 284	\$ 14,626	\$ 2,933	\$ (16,137)	\$ 4,062
Cash Flows From Investing Activities:						
Cash paid for acquisitions and capital expenditures		(284)	(30,864)	(2,991)		(34,139)
Net cash used in investing activities		(284)	(30,864)	(2,991)		(34,139)
Cash Flows From Financing Activities:						
Cash distributions	(77,512)					(77,512)
Payments to affiliates			(16,137)		16,137	
Net borrowings and repayments of debt			37,261			37,261
Proceeds from issuance of common units	75,156					75,156
Other financing activities			(76)			(76)
Net cash provided by (used in) financing activities	(2,356)		21,048		16,137	34,829
Net increase (decrease) in cash and cash equivalents			4,810	(58)		4,752

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Year Ended December 31, 2013	Subsidiary			Guarantor		Non-Guarantor	Consolidated
	Parent	Issuer	Subsidiaries	Subsidiaries	Eliminations		
Net cash provided by (used in) operating activities	\$ 13,676	\$ 73	\$ 49,544	\$ (759)	\$ (27,457)		\$ 35,077
Cash Flows From Investing Activities:							
Cash paid for acquisitions and capital expenditures		(73)	(26,299)	(325)			(26,697)
Net cash used in investing activities		(73)	(26,299)	(325)			(26,697)
Cash Flows From Financing Activities:							
Cash distributions	(52,053)						(52,053)
Payments to affiliates			(27,457)		27,457		
Net borrowings and repayments of debt			29,570				29,570
Proceeds from issuance of common units	38,377						38,377
Other financing activities			(20,045)				(20,045)
Net cash provided by (used in) financing activities	(13,676)		(17,932)		27,457		(4,151)
Net increase (decrease) in cash and cash equivalents			5,313	(1,084)			4,229
Cash and cash equivalents - Beginning of period			3,950	3,996			7,946
Cash and cash equivalents - End of period	\$	\$	\$ 9,263	\$ 2,912	\$	\$	\$ 12,175

17. ISSUANCES OF LIMITED PARTNER UNITS

On November 19, 2015, the Partnership entered into an equity distribution agreement (ATM Equity Program) with a group of banks (the Agents) whereby it may sell, from time to time, common units representing limited partner interests having an aggregate offering price of up to \$100,000,000. Sales of common units, if any, may be made in negotiated transactions or transactions that are deemed to be at-the-market (ATM) offerings as defined in Rule 415 of the Securities Act, including sales made directly on the New York Stock Exchange, the existing trading market for the common units, or sales made to or through the market maker other than on an exchange or through an electronic communications network. The Partnership will pay each of the Agents a commission, which in each case shall not be more than 2.0% of the gross sales price of common units sold through such Agent. During the year ended December 31, 2015, the Partnership issued 277,667 common units under the ATM Equity Program for net proceeds of \$7.5 million.

On July 10, 2015, the Partnership issued 2,415,000 common units in a public offering at a price of \$29.63 per unit. Net proceeds from the offering, after deducting underwriting discounts and offering expenses, were approximately \$67.9 million. The proceeds were used to repay outstanding borrowings under the Partnership's Credit Facility.

In February 2014, the Partnership issued 2,300,000 common units in a public offering at a price of \$24.45 per unit. Net proceeds of the offering, after deducting underwriting discounts and offering expenses, were approximately \$53.2 million. The proceeds from the offering were used to repay outstanding borrowings under the Partnership's Credit Facility.

In May 2014, the Partnership sold to American Cemeteries Infrastructure Investors, LLC, a Delaware limited liability company ("ACII"), 2,255,947 common units (the "ACII Units") at an aggregate purchase price of \$55.0 million pursuant to a Common Unit Purchase Agreement (the "Common Unit Purchase Agreement"), dated May 19, 2014, by and between ACII and the Partnership. Pursuant to the Common Unit Purchase Agreement, commencing with the quarter ending June 30 2014, the ACII Units are entitled to receive cash distributions equal to those paid on the common units generally. Through the quarter ending June 30, 2018, such distributions may be paid in cash, paid-in-kind ("PIK") common units issued to ACII in lieu of cash distributions, or a combination of cash and PIK units, as determined by the Partnership at its sole discretion. If the Partnership elects to pay cash distributions through the issuance of PIK units, the number of common units to be issued in connection with a quarterly cash distribution will be the quotient of (i) the amount of the quarterly cash distribution paid on the common units by (B) the volume-weighted average price of the common units for the thirty (30) trading days immediately preceding the date the quarterly cash distribution is declared with respect to the common units. Beginning with the quarterly cash distribution payable with respect to the quarter ending September 30, 2018, the ACII Units will receive cash distributions on the same basis as all other common units and the Partnership will no longer have the ability to elect to pay quarterly cash distributions in PIK units. The Partnership issued 204,804 and 111,740 PIK Units to ACII in lieu of cash distributions of \$5.8 million and \$2.8 million, respectively, during the years ended December 31, 2015 and 2014, respectively.

In June 2014, the Partnership issued 2,990,000 common units in a public offering at a price of \$23.67 per unit. Net proceeds of the offering, after deducting underwriting discounts and offering expenses, were approximately \$67.1 million. The proceeds from the offering were used to pay the purchase price of certain properties acquired and repay outstanding borrowings under the Partnership's Credit Facility.

In March 2013, the Partnership issued 1,610,000 common units in a public offering at a price of \$25.35 per unit. Net proceeds of the offering, after deducting underwriting discounts and offering expenses, were approximately \$38.4 million. The proceeds from the offering were used to repay outstanding borrowings on the Partnership's Credit Facility.

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The Partnership's operations include two reportable operating segments, Cemetery Operations and Funeral Homes. These operating segments reflect the way the Partnership manages its operations and makes business decisions as of December 31, 2015 and represent a change from prior periods. Prior periods were revised to the current year presentation. Operating segment data for the periods indicated were as follows (in thousands):

	Years Ended December 31		
	2015	2014	2013
Cemetery Operations:			
Revenues	\$ 261,815	\$ 255,103	\$ 210,571
Operating costs and expenses	(218,570)	(202,370)	(175,793)
Depreciation and amortization	(7,766)	(6,904)	(5,336)
Segment income	\$ 35,479	\$ 45,829	\$ 29,442
Funeral Homes:			
Revenues	\$ 57,770	\$ 48,686	\$ 44,955
Operating costs and expenses	(47,413)	(39,710)	(35,654)
Depreciation and amortization	(3,257)	(3,200)	(3,036)
Segment income	\$ 7,100	\$ 5,776	\$ 6,265
Reconciliation of segment income to net loss:			
Cemeteries	\$ 35,479	\$ 45,829	\$ 29,442
Funeral homes	7,100	5,776	6,265
Total segment income	42,579	51,605	35,707
Corporate overhead	(38,609)	(34,723)	(29,926)
Corporate depreciation and amortization	(1,780)	(977)	(1,176)
Other net gains (losses)	(1,891)	890	(6,649)
Interest expense	(22,585)	(21,610)	(21,070)
Income tax benefit (expense)	(938)	(4,057)	3,514
Net loss	\$ (23,224)	\$ (8,872)	\$ (19,600)
Capital expenditures:			
Cemeteries	\$ 11,853	\$ 13,368	\$ 10,111
Funeral homes	580	545	1,250
Corporate	2,906	661	1,391
Total capital expenditures	\$ 15,339	\$ 14,574	\$ 12,752
Balance sheet information:			
Total assets - Cemetery Operations	\$ 1,481,926	\$ 1,517,073	\$ 1,319,660

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Total assets - Funeral Homes	190,443	164,925	135,232
Total assets - Corporate	21,988	17,456	20,513
Total assets	\$ 1,694,357	\$ 1,699,454	\$ 1,475,405
Goodwill - Cemetery Operations	\$ 25,320	\$ 24,186	\$ 18,122
Goodwill - Funeral Homes	44,531	34,650	30,615
Total goodwill	\$ 69,851	\$ 58,836	\$ 48,737

19. SUBSEQUENT EVENTS

On January 26, 2016, the Partnership announced a quarterly cash distribution of \$0.66 per common unit pertaining to the results for the fourth quarter of 2015. The distribution was paid on February 12, 2016 to common unit holders of record as of the close of business on February 5, 2016.

Subsequent to December 31, 2015, the Partnership issued 474,657 common units under the ATM Equity Program for net proceeds of approximately \$12.4 million. No issuances occurred during February 2016.

Table of Contents**20. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)**

As disclosed in Note 2, *Restatement of Previously Issued Consolidated Financial Statements*, the consolidated financial statements of the Partnership as of December 31, 2015 and 2014, and for each of the three years in the period ended December 31, 2015 have been revised to give effect to the Restatement. Accordingly, the table below presents quarterly results of operations for the years ended December 31, 2015 and 2014, as revised to give effect to the Restatement:

	As Filed	Restatement Adjustments	As Restated
	(in thousands, except per unit data)		
Quarter Ended March 31, 2015:			
Revenues	\$ 67,417	\$ 3,076	\$ 70,493
Net income (loss)	(8,883)	373	(8,510)
General partner's interest in net income (loss) for the period	(120)	805	685
Limited partners' interest in net income (loss) for the period	(8,763)	(432)	(9,195)
Net income (loss) per limited partner unit (basic and diluted):	(0.30)	(0.01)	(0.31)
Quarter Ended March 31, 2014:			
Revenues	64,387	3,510	67,897
Net income (loss)	409	(72)	337
General partner's interest in net income (loss) for the period	4	363	367
Limited partners' interest in net income (loss) for the period	405	(435)	(30)
Net income (loss) per limited partner unit (basic and diluted):	0.02	(0.02)	
Quarter Ended June 30, 2015:			
Revenues	80,825	3,688	84,513
Net income (loss)	(4,848)	204	(4,644)
General partner's interest in net income (loss) for the period	(65)	964	899
Limited partners' interest in net income (loss) for the period	(4,783)	(760)	(5,543)
Net income (loss) per limited partner unit (basic and diluted):	(0.16)	(0.03)	(0.19)
Quarter Ended June 30, 2014:			
Revenues	71,533	3,899	75,432
Net income (loss)	(118)	21	(97)
General partner's interest in net income (loss) for the period	(9)	535	526
	(109)	(514)	(623)

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Limited partners interest in net income (loss) for the period			
Net income (loss) per limited partner unit (basic and diluted):		(0.02)	(0.02)
Quarter Ended September 30, 2015:			
Revenues	78,200	3,568	81,768
Net income (loss)	(3,402)	142	(3,260)
General partner s interest in net income (loss) for the period	(42)	1,062	1,020
Limited partners interest in net income (loss) for the period	(3,360)	(920)	(4,280)
Net income (loss) per limited partner unit (basic and diluted):	(0.11)	(0.03)	(0.14)
Quarter Ended September 30, 2014:			
Revenues	78,174	4,261	82,435
Net income (loss)	(3,268)	577	(2,691)
General partner s interest in net income (loss) for the period	(44)	627	583
Limited partners interest in net income (loss) for the period	(3,224)	(50)	(3,274)
Net income (loss) per limited partner unit (basic and diluted):	(0.11)		(0.11)
Quarter Ended December 31, 2015:			
Revenues	79,198	3,613	82,811
Net income (loss)	(7,111)	301	(6,810)
General partner s interest in net income (loss) for the period	(88)	1,092	1,004
Limited partners interest in net income (loss) for the period	(7,023)	(791)	(7,814)
Net income (loss) per limited partner unit (basic and diluted):	(0.22)	(0.03)	(0.25)
Quarter Ended December 31, 2014:			
Revenues	73,991	4,034	78,025
Net income (loss)	(7,796)	1,375	(6,421)
General partner s interest in net income (loss) for the period	(106)	729	623
Limited partners interest in net income (loss) for the period	(7,690)	646	(7,044)
Net income (loss) per limited partner unit (basic and diluted):	\$ (0.26)	\$ 0.02	\$ (0.24)

Net income (loss) per limited partner unit is computed independently for each quarter and the full year based upon respective average units outstanding. Therefore, the sum of the quarterly per share amounts may not equal to the annual per share amounts.

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ITEM 9A. CONTROLS AND PROCEDURES (As Revised)
CONCLUSION REGARDING THE EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES (As Revised)

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In connection with our Original Filing, we carried out an evaluation, under the supervision and with the participation of our Disclosure Committee and management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, as of December 31, 2015, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the restatement of our consolidated financial statements (see Note 2, *Restatement of Previously Issued Consolidated Financial Statements*, under Item 8. Consolidated Financial Statements and Supplementary Data), under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, we re-evaluated the effectiveness of our disclosure controls and procedures. In conducting our re-evaluation, we considered the material weaknesses in our internal control over financial reporting as discussed below. Based on this re-evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2015.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING (As Revised)

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

In connection with the Original Filing, management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria described in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2015. Subsequently, we determined to restate our previously issued financial statements to correct for errors associated with the recognition and presentation of certain revenues, expenses, assets, and liabilities, both recognized and deferred, the allocation of income and loss to our partners, and

errors in the recording of transactions . As a result of this restatement, management identified deficiencies in our process and procedures that constitute material weaknesses in our internal control over financial reporting as follows:

- A. The Partnership did not design and maintain effective controls over establishing accounting policies nor did they periodically review them for appropriate application in the financial statements.

- B. The Partnership did not design and maintain effective controls over the review of certain recorded balances within Deferred cemetery revenues, net, Merchandise liability, Investment and other revenues, Cemetery property and Partners Capital.

- C. The Partnership did not design and maintain effective controls over the reconciliation of amounts recorded in the general ledger to relevant supporting details.

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In connection with the restatement of our consolidated financial statements for the periods covered by this Form 10-K/A, management has re-evaluated the effectiveness of our internal control over financial reporting. Based on this re-assessment, management concluded that our internal control over financial reporting was not effective as of December 31, 2015, due to the material weaknesses described above. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Our management communicated the results of its reassessment to the Audit Committee of the Board of Directors of our General Partner.

Our independent registered public accounting firm, Deloitte & Touche LLP, has revised their previously issued audit report on our assessment of the effectiveness of our internal control over financial reporting as of December 31, 2015 to express an adverse opinion on our internal control over financial reporting.

REMEDIATION OF MATERIAL WEAKNESS

Management is committed to the remediation of the material weaknesses, as well as the continued improvement of our internal control over financial reporting (ICFR). We are in the process of implementing measures to remediate the underlying causes of the control deficiencies that gave rise to the material weaknesses, which primarily include:

1. Reevaluating and establishing, on a periodic basis, accounting policies and the appropriate application thereof;
2. Enhancing control procedures related to the review of certain recorded balances affected by the material weaknesses to ensure the appropriateness of such balances; and
3. Enhancing the control procedures related to the reconciliation of amounts recorded in the general ledger to relevant supporting details.

We believe these measures will remediate the material weaknesses noted. While we have completed some of these measures as of the date of this report, we have not completed and tested all of the planned corrective processes, enhancements, procedures and related evaluation that we believe are necessary to determine whether the material weaknesses have been fully remediated. We believe the corrective actions and controls need to be in operation for a sufficient period of time for management to conclude that the control environment is operating effectively and has been adequately tested through audit procedures. Therefore, the material weaknesses have not been fully remediated as of the date of this report. As we continue to evaluate and work to remediate the control deficiencies that gave rise to the material weaknesses, we may determine that additional measures or time are required to address the control deficiencies or that we need to modify or otherwise adjust the remediation measures described above. We will continue to assess the effectiveness of our remediation efforts in connection with our evaluation of our ICFR.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except as set forth above, there have been no changes in our internal control over financial reporting that occurred during our last fiscal quarter ended December 31, 2015 that have materially affected, or are reasonably likely to

materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of StoneMor GP LLC and Unitholders of StoneMor Partners L.P.

We have audited the internal control over financial reporting of StoneMor Partners L.P. and subsidiaries (the Partnership) as of December 31, 2015 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Partnership’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management’s assessment:

- A. The Partnership did not design and maintain effective controls over establishing accounting policies nor did they periodically review them for appropriate application in the financial statements.

B. The Partnership did not design and maintain effective controls over the review of certain recorded balances within Deferred cemetery revenues, net, Merchandise liability, Investment and other revenues, Cemetery property, and Partners Capital .

C. The Partnership did not design and maintain effective controls over the reconciliation of amounts recorded in the general ledger to relevant supporting details.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2015, of the Partnership and this report does not affect our report on such financial statements.

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In our opinion, because of the effect of the material weaknesses identified above on the achievement of the objectives of the control criteria, the Partnership has not maintained effective internal control over financial reporting as of December 31, 2015, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2015 of the Partnership and our report dated February 29, 2016, (November 9, 2016 as to the effects of the restatement discussed in Note 2 to the consolidated financial statements) expressed an unqualified opinion on those financial statements and includes an explanatory paragraph relating to the restatement.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania

February 29, 2016 (November 9, 2016 as to the effects of the material weaknesses described in *Management’s Report on Internal Control over Financial Reporting (as revised)*)

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Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

(1) The following financial statements of StoneMor Partners L.P. are included in Item 8:
Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2015 and 2014 (restated)

Consolidated Statement of Operations for the years ended December 31, 2015, 2014 and 2013 (restated)

Consolidated Statement of Partners' Capital for the years ended December 31, 2015, 2014 and 2013 (restated)

Consolidated Statement of Cash Flows for the years ended December 31, 2015, 2014, and 2013 (restated)

Notes to the Consolidated Financial Statements (restated)

(2) Other schedules have not been included either because they are not applicable or because the information is included elsewhere in this Form 10-K/A or the Original Filing.

(c) Exhibits are listed in the Exhibit Index, which is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

STONEMOR PARTNERS L.P.

By: StoneMor GP LLC, its General Partner

November 9, 2016

By: /s/ Lawrence Miller
Lawrence Miller
Chief Executive Officer, President and
Chairman of the Board

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Exhibit	Description
3.1*	Certificate of Limited Partnership of StoneMor Partners L.P. (incorporated by reference to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 9, 2004 (Exhibit 3.1)).
3.2*	Second Amended and Restated Agreement of Limited Partnership of StoneMor Partners L.P. dated as of September 9, 2008 (incorporated by reference to Exhibit 3.1 of Registrant's Current Report on Form 8-K filed on September 15, 2008).
4.1.1*	Indenture, dated as of November 24, 2009, by and among StoneMor Partners L.P., StoneMor Operating LLC, Cornerstone Family Services of West Virginia Subsidiary, Inc., Osiris Holding of Maryland Subsidiary, Inc., the guarantors named therein and Wilmington Trust Company, as trustee (incorporated by reference to Exhibit 4.1 of Registrant's Current Report on Form 8-K filed on November 24, 2009).
4.1.2*	Form of 10.25% Senior Note due 2017 (incorporated by reference to Exhibit 4.2 of Registrant's Current Report on Form 8-K filed on November 24, 2009).
4.1.3*	Registration Rights Agreement, dated as of November 24, 2009, by and among StoneMor Partners L.P., StoneMor Operating LLC, Cornerstone Family Services of West Virginia Subsidiary, Inc., Osiris Holding of Maryland Subsidiary, Inc., the Initial Guarantors party thereto and Banc of America Securities LLC (incorporated by reference to Exhibit 4.3 of Registrant's Current Report on Form 8-K filed on November 24, 2009).
4.1.4*	Seventh Supplemental Indenture, dated as of May 24, 2013, by and among StoneMor Partners L.P., StoneMor Operating LLC, Cornerstone Family Services of West Virginia Subsidiary, Inc., Osiris Holding of Maryland Subsidiary, Inc., the guarantors named therein and Wilmington Trust, National Association, as trustee to Indenture, dated as of November 24, 2009 (incorporated by reference to Exhibit 4.1 of Registrant's Current Report on Form 8-K filed on May 28, 2013).
4.2.1*	Indenture, dated as of May 28, 2013, by and among StoneMor Partners L.P., Cornerstone Family Services of West Virginia Subsidiary, Inc., the guarantors named therein and Wilmington Trust, National Association, including Form of 7 7/8% Senior Note due 2021 (incorporated by reference to Exhibit 4.2 of Registrant's Current Report on Form 8-K filed on May 28, 2013).
4.2.2*	Registration Rights Agreement, dated as of May 28, 2013, by and among StoneMor Partners L.P., Cornerstone Family Services of West Virginia Subsidiary, Inc., the Initial Guarantors party thereto, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the initial purchasers listed on Schedule A to the Purchase Agreement (incorporated by reference to Exhibit 4.4 of Registrant's Current Report on Form 8-K filed on May 28, 2013).
4.2.3*	Supplemental Indenture No. 1, dated as of August 8, 2014, by and among Kirk & Nice, Inc., Kirk & Nice Suburban Chapel, Inc., StoneMor Operating LLC, and Osiris Holding of Maryland Subsidiary, Inc., subsidiaries of StoneMor Partners L.P. (or its successor), and Cornerstone Family Services of West Virginia Subsidiary, Inc., the Guarantors under the Indenture, dated as of May 28, 2013, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014).

- 4.3*** Registration Rights Agreement, dated as of May 21, 2014, by and between StoneMor Partners L.P. and American Cemeteries Infrastructure Investors, LLC (incorporated by reference to Exhibit 4.1 of Registrant's Current Report on Form 8-K filed on May 23, 2014).
- 10.1.1*** Second Amended and Restated Credit Agreement, dated April 29, 2011, among StoneMor Operating LLC, each of its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on May 5, 2011).

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- 10.1.2*** First Amendment to Second Amended and Restated Credit Agreement, dated August 4, 2011, among StoneMor Operating LLC, each of its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011).
- 10.1.3*** Second Amendment to Second Amended and Restated Credit Agreement, dated October 28, 2011, among StoneMor Operating LLC, each of its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on November 3, 2011).
- 10.1.4*** Third Amended and Restated Credit Agreement, dated January 19, 2012, among StoneMor Operating LLC, each of its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on January 24, 2012).
- 10.1.5*** First Amendment to Third Amended and Restated Credit Agreement, dated February 19, 2013, by and among StoneMor Operating LLC, each of its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on February 22, 2013).
- 10.1.6*** Second Amendment to Third Amended and Restated Credit Agreement, as amended, dated May 8, 2013, by and among StoneMor Operating LLC, each of its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on May 13, 2013).
- 10.1.7*** Third Amendment to Third Amended and Restated Credit Agreement and Security Documents, dated June 18, 2013, by and among StoneMor Operating LLC, its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on June 21, 2013).
- 10.1.8*** Fourth Amendment to Third Amended and Restated Credit Agreement, dated May 22, 2014, by and among StoneMor GP LLC, StoneMor Partners L.P., StoneMor Operating LLC, its Subsidiaries, the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on May 23, 2014).
- 10.1.9*** Joinder to Amended and Restated Credit Agreement, dated June 10 2014, by and among Kirk & Nice, Inc., Kirk & Nice Suburban Chapel, Inc. and the other Credit Parties named therein in favor of the Lenders and Bank of America, N.A. as Administrative Agent for the benefit of the Lenders, as Collateral Agent for the benefit of the Secured Parties, as Swing Line Lender and as L/C Issuer (incorporated by reference to Exhibit 10.4 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014).
- 10.1.10*** Fourth Amended and Restated Credit Agreement, dated December 19, 2014, among StoneMor Operating LLC, each of its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on December 23, 2014).

- 10.1.11*** First Amendment to Fourth Amended and Restated Credit Agreement, dated July 10, 2015, by and among StoneMor Operating LLC, its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015).
- 10.1.12**** Second Amendment to Fourth Amended and Restated Credit Agreement, dated November 12, 2015, by and among StoneMor Operating LLC, its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P., the Lenders party thereto and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

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- 10.2*** Confirmation and Amendment Agreement, dated January 19, 2012, among StoneMor Operating LLC, each of its Subsidiaries, StoneMor GP LLC, StoneMor Partners L.P. and Bank of America, N.A., as Collateral Agent (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on January 24, 2012).
- 10.3*** Amended and Restated Security Agreement, dated April 29, 2011, among StoneMor GP LLC, StoneMor Partners L.P., StoneMor Operating LLC, the Subsidiary Debtors listed therein and Bank of America, N.A. as Collateral Agent (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on May 5, 2011).
- 10.3.1*** Second Amended and Restated Security Agreement, dated December 19, 2014, among StoneMor GP LLC, StoneMor Partners L.P., StoneMor Operating LLC, the Subsidiary Debtors listed therein and Bank of America, N.A. as Collateral Agent (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on December 23, 2014).
- 10.4*** Amended and Restated Pledge Agreement, dated April 29, 2011, among StoneMor GP LLC, StoneMor Partners L.P., StoneMor Operating LLC, the Subsidiary Pledgors listed therein and Bank of America, N.A. as administrative and collateral agent (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed on May 5, 2011).
- 10.4.1*** Second Amended and Restated Pledge Agreement, December 19, 2014, among StoneMor GP LLC, StoneMor Partners L.P., StoneMor Operating LLC, the Subsidiary Pledgors listed therein and Bank of America, N.A. as administrative and collateral agent (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed on December 23, 2014).
- 10.5*** Purchase Agreement, dated November 18, 2009, by and among StoneMor Partners L.P., StoneMor Operating LLC, Cornerstone Family Services of West Virginia Subsidiary, Inc., Osiris Holding of Maryland Subsidiary, Inc., the guarantors named therein and Banc of America Securities LLC, acting on behalf of itself and as the representative for the purchasers named therein (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on November 24, 2009).
- 10.6*** Purchase Agreement, dated May 16, 2013, by and among StoneMor Partners L.P., Cornerstone Family Services of West Virginia Subsidiary, Inc., the subsidiary guarantors named therein and Merrill Lynch, Pierce, Fenner & Smith Incorporated, acting on behalf of itself and as the representative for the initial purchasers named therein (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on May 17, 2013).
- 10.7.1*** StoneMor Partners L.P. Long-Term Incentive Plan, as amended April 19, 2010 (incorporated by reference to Appendix A to Registrant's Definitive Proxy Statement filed on June 4, 2010).
- 10.7.1.1*** StoneMor Partners L.P. 2014 Long-Term Incentive Plan (incorporated by reference to Appendix A to Registrant's Definitive Proxy Statement filed on October 9, 2014).
- 10.7.2*** Form of the Director Restricted Phantom Unit Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated November 8, 2006 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on November 15, 2006).
- 10.7.3*** Form of the Key Employee Restricted Phantom Unit Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated November 8, 2006 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on November 15, 2006).
- 10.7.4*** Form of the Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of November 27, 2006 (incorporated by reference to Exhibit 10.1 of Registrant's Current

Report on Form 8-K filed on December 1, 2006).

- 10.7.5*** Director Restricted Phantom Unit Agreement by and between StoneMor GP LLC and Robert Hellman dated June 23, 2009 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on June 23, 2009).

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- 10.7.6*** Form of the Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of December 16, 2009 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on December 22, 2009).
- 10.7.7*** Form of the Executive Restricted Phantom Unit Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of December 16, 2009 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on December 22, 2009).
- 10.7.8*** Director Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2.8 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
- 10.7.9*** Form of the Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of April 2, 2012 (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
- 10.7.10*** Executive Restricted Phantom Unit Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of November 7, 2012 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on November 13, 2012).
- 10.7.11*** Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of October 22, 2013 (incorporated by reference to Exhibit 10.7.11 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2013).
- 10.7.12*** Form of Director Restricted Phantom Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of November 11, 2014 (incorporated by reference to Exhibit 10.7.12 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2014).
- 10.7.13**** Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of December 31, 2015 by and between StoneMor GP LLC and Lawrence Miller.
- 10.7.14**** Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of December 31, 2015 by and between StoneMor GP LLC and Sean P. McGrath.
- 10.7.15**** Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of December 31, 2015 by and between StoneMor GP LLC and David L. Meyers.
- 10.8.1*** Employment Agreement by and between StoneMor GP LLC and Lawrence Miller, effective as of September 20, 2004 (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
- 10.8.2*** Addendum to Employment Agreement between StoneMor GP LLC and Lawrence Miller, effective as of January 1, 2008 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on November 19, 2007).
- 10.8.3*** Amended and Restated Employment Agreement, executed July 22, 2013 and retroactive to January 1, 2013, by and between StoneMor GP, LLC and Lawrence Miller (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on July 26, 2013).
- 10.9.1*** Employment Agreement by and between StoneMor GP LLC and William R. Shane, effective as of September 20, 2004 (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
- 10.9.2*** Addendum to Employment Agreement between StoneMor GP LLC and William R. Shane, effective as of January 1, 2008 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K

filed on November 19, 2007).

- 10.9.3*** Employment Agreement, effective April 1, 2012, by and between StoneMor GP LLC and William Shane (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on April 2, 2012).

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- 10.10.1*** Letter Agreement by and between David Meyers and StoneMor GP LLC (incorporated by reference to Exhibit 10.13.1 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2013).
- 10.10.2*** Confidentiality and Non-Compete Agreement by and between David Meyers and StoneMor GP LLC (incorporated by reference to Exhibit 10.13.2 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2013).
- 10.10.3*** Payback Agreement by and between David Meyers and StoneMor GP LLC (incorporated by reference to Exhibit 10.13.3 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2013).
- 10.11.1*** Form of Indemnification Agreement by and between StoneMor GP LLC and Lawrence Miller, Robert B. Hellman, Jr., Fenton R. Talbott, Martin R. Lautman, William Shane, Allen R. Freedman, effective September 20, 2004 (incorporated by reference to Exhibit 10.9 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
- 10.11.2*** Form of Indemnification Agreement by and between StoneMor GP LLC and Howard Carver and Peter Grunebaum, effective February 16, 2007 (incorporated by reference to Exhibit 10.9 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
- 10.11.3*** Form of Indemnification Agreement by and between StoneMor GP LLC and Leo J. Pound and Jonathan Contos, dated February 26, 2015 (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015).
- 10.12*** General Release of Claims between Timothy K. Yost and StoneMor GP LLC, the general partner of StoneMor Partners L.P., dated May 18, 2015 (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015).
- 10.13.1*** Letter Agreement by and between Sean P. McGrath and StoneMor GP LLC (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).
- 10.13.2*** Confidentiality and Non-Compete Agreement by and between Sean P. McGrath and StoneMor GP LLC (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).
- 10.14*** Settlement Agreement by and among StoneMor Indiana LLC, StoneMor Operating LLC, StoneMor Partners L.P., Chapel Hill Associates, Inc., Chapel Hill Funeral Home, Inc., Covington Memorial Funeral Home, Inc., Covington Memorial Gardens, Inc., Forest Lawn Memorial Chapel Inc., Forest Lawn Memory Gardens Inc., Fred W. Meyer, Jr. by James R. Meyer as Special Administrator to the Estate of Fred W. Meyer, Jr., James R. Meyer, Thomas E. Meyer, Nancy Cade, and F.T.J. Meyer Associates, LLC dated June 21, 2010 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on June 25, 2010).
- 10.15.1*** Omnibus Agreement by and among McCown De Leeuw & Co. IV, L.P., McCown De Leeuw & Co. IV Associates, L.P., MDC Management Company IV, LLC, Delta Fund LLC, Cornerstone Family Services LLC, CFSI LLC, StoneMor Partners L.P., StoneMor GP LLC, StoneMor Operating LLC, dated as of September 20, 2004 (incorporated by reference to Exhibit 10.4 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
- 10.15.2*** Amendment No. 1 to Omnibus Agreement entered into on, and effective as of, January 24, 2011 by and among MDC IV Trust U/T/A November 30, 2010, MDC IV Associates Trust U/T/A November 30, 2010, Delta Trust U/T/A November 30, 2010 (successors respectively to McCown De Leeuw & Co. IV, L.P., a California limited partnership, McCown De Leeuw IV Associates, L.P., a California limited partnership, Delta Fund LLC, a California limited liability company, and MDC Management Company IV, LLC, a

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California limited liability company), Cornerstone Family Services LLC, a Delaware limited liability company, CFSI LLC, a Delaware limited liability company, StoneMor Partners L.P., a Delaware limited partnership, StoneMor GP LLC, a Delaware limited liability company, for itself and on behalf of the Partnership in its capacity as general partner of the Partnership, and StoneMor Operating LLC, a Delaware limited liability company (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on January 28, 2011).

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- 10.16*** Contribution, Conveyance and Assumption Agreement by and among StoneMor Partners L.P., StoneMor GP LLC, CFSI LLC, StoneMor Operating LLC, dated as of September 20, 2004 (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
- 10.17.1*** Lease Agreement, dated as of September 26, 2013, by and among StoneMor Operating, LLC, StoneMor Pennsylvania LLC and StoneMor Pennsylvania Subsidiary LLC, the Archdiocese of Philadelphia, and StoneMor Partners L.P., solely in its capacity as guarantor (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on October 2, 2013).
- 10.17.2*** Amendment No. 1 to Lease Agreement, dated as of March 20, 2014, by and among StoneMor Operating, LLC, StoneMor Pennsylvania LLC and StoneMor Pennsylvania Subsidiary LLC, the Archdiocese of Philadelphia, and StoneMor Partners L.P., solely in its capacity as guarantor (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on March 26, 2014).
- 10.17.3*** Amendment No. 2 to Lease Agreement, dated as of May 28, 2014, by and among StoneMor Operating, LLC, StoneMor Pennsylvania LLC, StoneMor Pennsylvania Subsidiary LLC, the Archdiocese of Philadelphia, and StoneMor Partners L.P. (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014).
- 10.18.1*** Asset Sale Agreement dated April 2, 2014, by and among StoneMor Operating LLC, StoneMor Florida LLC, StoneMor Florida Subsidiary LLC, StoneMor North Carolina LLC, StoneMor North Carolina Subsidiary LLC, StoneMor North Carolina Funeral Services, Inc., Loewen [Virginia] LLC, Loewen [Virginia] Subsidiary, Inc., Rose Lawn Cemeteries LLC, Rose Lawn Cemeteries Subsidiary, Incorporated, StoneMor Pennsylvania LLC, StoneMor Pennsylvania Subsidiary LLC, CMS West Subsidiary LLC, S.E. Funeral Homes of Florida, LLC, S.E. Cemeteries of Florida, LLC, S.E. Combined Services of Florida, LLC, S.E. Cemeteries of North Carolina, Inc., S.E. Funeral Homes of North Carolina, Inc., Montlawn Memorial Park, Inc., S.E. Cemeteries of Virginia, LLC, SCI Virginia Funeral Services, Inc., George Washington Memorial Park, Inc., Sunset Memorial Park Company and S.E. Mid- Atlantic Inc. (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed on April 8, 2014).
- 10.18.2*** Asset Sale Agreement dated April 2, 2014, by and among StoneMor Operating LLC, StoneMor North Carolina LLC, StoneMor North Carolina Subsidiary LLC, Laurel Hill Memorial Park LLC, Laurel Hill Memorial Park Subsidiary, Inc., StoneMor Pennsylvania LLC, StoneMor Pennsylvania Subsidiary LLC, S.E. Cemeteries of North Carolina, Inc., Clinch Valley Memorial Cemetery, Inc., and S.E. Acquisition of Pennsylvania, Inc. (incorporated by reference to Exhibit 2.2 of Registrant's Current Report on Form 8-K filed on April 8, 2014).
- 10.19*** Common Unit Purchase Agreement, dated as of May 19, 2014, by and between StoneMor Partners L.P. and American Cemeteries Infrastructure Investors, LLC (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on May 23, 2014).
- 21.1**** Subsidiaries of Registrant.
- 23.1** Consent of Deloitte & Touche LLP.
- 31.1** Certification pursuant to Exchange Act Rule 13a-14(a) of Lawrence Miller, Chief Executive Officer President and Chairman of the Board of Directors.
- 31.2** Certification pursuant to Exchange Act Rule 13a-14(a) of Sean P. McGrath, Chief Financial Officer.
- 32.1**

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Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350) and Exchange Act Rule 13a-14(b) of Lawrence Miller, Chief Executive Officer, President and Chairman of the Board of Directors (furnished herewith).

32.2 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350) and Exchange Act Rule 13a-14(b) of Sean P. McGrath, Chief Financial Officer (furnished herewith).

99.1* Second Amended and Restated Limited Liability Company Agreement of StoneMor GP LLC, dated as of May 21, 2014, entered into by StoneMor GP Holdings, LLC (incorporated by reference to Exhibit 99.1 of Registrant's Current Report on Form 8-K filed on May 23, 2014).

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99.2** Amendment No. 1, dated as of November 17, 2015, to the Second Amended and Restated Limited Liability Company Agreement of StoneMor GP LLC, dated as of May 21, 2014, entered into by StoneMor GP Holdings, LLC.

101 Attached as Exhibit 101 to this report are the following Interactive Data Files formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2015 and December 31, 2014; (ii) Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013; (iii) Consolidated Statement of Partners' Capital; (iv) Consolidated Statement of Cash Flows for the years ended December 31, 2015, 2014 and 2013; and (v) Notes to the Consolidated Financial Statements. Users of this data are advised pursuant to Rule 401 of Regulation S-T that the information contained in the XBRL documents is unaudited and these are not the official publicly filed financial statements of StoneMor Partners L.P.

* **Incorporated by reference, as indicated**

** **Previously filed with the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 as originally filed with the Securities and Exchange Commission on February 29, 2016.
Management contract, compensatory plan or arrangement**