

CARRIAGE SERVICES INC
Form 10-Q
November 03, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

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

For the quarterly period ended September 30, 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: 1-11961
CARRIAGE SERVICES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

76-0423828
(I.R.S. Employer Identification No.)

3040 Post Oak Boulevard, Suite 300
Houston, Texas, 77056
(Address of principal executive offices)
(713) 332-8400
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

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

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

The number of shares of the registrant's Common Stock, \$.01 par value per share, outstanding as of October 30, 2015 was 17,331,814.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CARRIAGE SERVICES, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	December 31, 2014	(unaudited) September 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$413	\$396
Accounts receivable, net of allowance for bad debts of \$1,127 in 2014 and \$986 in 2015	19,264	18,093
Inventories	5,294	5,947
Prepaid expenses	4,590	3,709
Other current assets	7,144	2,517
Total current assets	36,705	30,662
Preneed cemetery trust investments	71,972	64,737
Preneed funeral trust investments	97,607	87,491
Preneed receivables, net of allowance for bad debts of \$2,339 in 2014 and \$1,967 in 2015	26,284	26,902
Receivables from preneed trusts, net of allowance for contract cancellations of \$396 in 2014 and \$416 in 2015	12,809	13,450
Property, plant and equipment, net of accumulated depreciation of \$95,249 in 2014 and \$100,857 in 2015	186,211	209,151
Cemetery property, net of accumulated amortization of \$26,875 in 2014 and \$29,355 in 2015	75,564	75,577
Goodwill	257,442	261,291
Deferred charges and other non-current assets	14,264	14,670
Cemetery perpetual care trust investments	48,670	44,146
Total assets	\$827,528	\$828,077
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$9,838	\$11,468
Accounts payable	6,472	10,222
Other liabilities	1,437	6,286
Accrued liabilities	15,203	15,397
Total current liabilities	32,950	43,373
Long-term debt, net of current portion	111,887	107,242
Revolving credit facility	40,500	63,000
Convertible subordinated notes due 2021	114,542	117,096
Obligations under capital leases, net of current portion	3,098	2,933
Deferred preneed cemetery revenue	56,875	56,786
Deferred preneed funeral revenue	31,265	31,786
Deferred tax liability	36,414	36,653
Other long-term liabilities	2,401	4,041
Deferred preneed cemetery receipts held in trust	71,972	64,737
Deferred preneed funeral receipts held in trust	97,607	87,491
Care trusts' corpus	48,142	43,846

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Total liabilities	647,653	658,984	
Commitments and contingencies:			
Stockholders' equity:			
Common stock, \$.01 par value; 80,000,000 shares authorized and 22,434,609 and 22,458,450 shares issued at December 31, 2014 and September 30, 2015, respectively	224	225	
Additional paid-in capital	212,386	213,506	
Accumulated deficit	(17,468)	(2,049))
Treasury stock, at cost; 3,921,651 and 5,126,636 shares at December 31, 2014 and September 30, 2015, respectively	(15,267)	(42,589))
Total stockholders' equity	179,875	169,093	
Total liabilities and stockholders' equity	\$827,528	\$828,077	

The accompanying condensed notes are an integral part of these Consolidated Financial Statements.

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CARRIAGE SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2015	2014	2015
Revenues:				
Funeral	\$41,770	\$44,089	\$127,926	\$138,727
Cemetery	12,779	14,289	38,779	42,165
	54,549	58,378	166,705	180,892
Field costs and expenses:				
Funeral	25,930	26,798	77,906	82,476
Cemetery	7,988	8,292	23,002	24,040
Depreciation and amortization	2,654	3,019	7,744	8,814
Regional and unallocated funeral and cemetery costs	2,900	2,909	6,972	