

STONEMOR PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2016	2015	2014
Cash Flows From Operating Activities:			
Net loss	\$ (30,483)	\$ (23,391)	\$ (9,789)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Cost of lots sold	9,581	13,103	10,291
Depreciation and amortization	12,899	12,803	11,081
Provision for cancellations	10,681	9,430	7,830
Non-cash compensation expense	1,147	1,516	1,068
Non-cash interest expense	4,430	2,949	2,939
Gain on acquisitions and divestitures	(2,614)	(1,540)	(656)
Loss on early extinguishment of debt	1,234	—	214
Other losses, net	1,947	296	440
Changes in assets and liabilities:			
Accounts receivable, net of allowance	(22,816)	(18,303)	(18,186)
Merchandise trust fund	(17,101)	(44,640)	(28,828)
Other assets	(562)	(4,216)	(3,938)
Deferred selling and obtaining costs	(10,775)	(13,052)	(9,344)
Deferred revenues	54,135	66,673	54,626
Deferred taxes, net	743	(18)	1,394
Payables and other liabilities	10,321	2,452	306
Net cash provided by operating activities	<u>22,767</u>	<u>4,062</u>	<u>19,448</u>
Cash Flows From Investing Activities:			
Cash paid for capital expenditures	(11,382)	(15,339)	(14,574)
Cash paid for acquisitions	(10,550)	(18,800)	(56,381)
Consideration for lease and management agreements	—	—	(53,000)
Proceeds from asset sales	2,803	—	297
Net cash used in investing activities	<u>(19,129)</u>	<u>(34,139)</u>	<u>(123,658)</u>
Cash Flows From Financing Activities:			
Cash distributions	(79,164)	(77,512)	(62,836)
Proceeds from borrowings	229,595	148,295	92,865
Repayments of debt	(243,984)	(111,034)	(98,140)
Proceeds from issuance of common units, net of costs	94,314	75,156	173,497
Cost of financing activities	(6,982)	(76)	(2,950)
Net cash provided by (used in) financing activities	<u>(6,221)</u>	<u>34,829</u>	<u>102,436</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,583)</u>	<u>4,752</u>	<u>(1,774)</u>
Cash and cash equivalents—Beginning of period	<u>15,153</u>	<u>10,401</u>	<u>12,175</u>
Cash and cash equivalents—End of period	<u>\$ 12,570</u>	<u>\$ 15,153</u>	<u>\$ 10,401</u>
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	\$ 20,124	\$ 19,352	\$ 18,796
Cash paid during the period for income taxes	\$ 2,875	\$ 4,294	\$ 4,315
Non-cash investing and financing activities:			
Acquisition of assets by financing	\$ 3,829	\$ 874	\$ 387
Acquisition of assets by assumption of directly related liability	\$ —	\$ 876	\$ 8,368

See Accompanying Notes to the Consolidated Financial Statements.