

Silvercrest Asset Management Group Inc.
Form 10-Q
August 05, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
FOR THE QUARTERLY PERIOD ENDED June 30, 2016

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: 001-35733

Silvercrest Asset Management Group Inc.

(Exact name of registrant as specified in its charter)

Delaware 45-5146560
(State or other jurisdiction (I.R.S. Employer

of incorporation) Identification No.)

1330 Avenue of the Americas, 38th Floor

New York, New York 10019

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(Address of principal executive offices and zip code)

(212) 649-0600

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (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 Exchange Act). Yes ☐ No ☒

The number of outstanding shares of the registrant's Class A common stock, par value \$0.01 per share, and Class B common stock, par value \$0.01 per share, as of August 2, 2016 was 8,027,825 and 4,671,047, respectively.

Part I	<u>Financial Information</u>	
Item 1.	<u>Condensed Consolidated Financial Statements (Unaudited)</u>	1
	<u>Condensed Consolidated Statements of Financial Condition as of June 30, 2016 and December 31, 2015</u>	1
	<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2016 and 2015</u>	2
	<u>Condensed Consolidated Statements of Changes in Stockholders' Equity for the six months ended June 30, 2016 and 2015</u>	3
	<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2016 and 2015</u>	4
	<u>Notes to Condensed Consolidated Financial Statements as of June 30, 2016 and December 31, 2015 and for the three and six months ended June 30, 2016 and 2015</u>	6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	28
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	47
Item 4.	<u>Controls and Procedures</u>	47
Part II	<u>Other Information</u>	
Item 1.	<u>Legal Proceedings</u>	48
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
Item 6.	<u>Exhibits</u>	49

Except where the context requires otherwise and as otherwise set forth herein, in this report, references to the “Company”, “we”, “us” or “our” refer to Silvercrest Asset Management Group Inc. (“Silvercrest”) and its consolidated subsidiary, Silvercrest L.P., the managing member of our operating subsidiary (“Silvercrest L.P.” or “SLP”). SLP is a limited partnership whose existing limited partners are referred to in this report as “principals”.

Forward-Looking Statements

This report contains, and from time to time our management may make, forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “may”, “might”, “will”, “should”, “expects”, “intends”, “p”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue”, the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions, may include projections of our future financial performance, future expenses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in our business or financial results. These statements are only predictions based on our current expectations and projections about future events. Important factors that could cause actual results, level of activity, performance or achievements to differ materially from those indicated by such forward-looking statements include but are not limited to: incurrence of net losses, fluctuations in quarterly and annual results, adverse economic or market conditions, our expectations with respect to future levels of assets under management, inflows and outflows, our ability to retain clients from whom we derive a substantial portion of our assets under management, our ability to maintain our fee structure, our particular choices with regard to investment strategies employed, our ability to hire and retain qualified investment professionals, the cost of complying with current and future regulation, coupled with the cost of defending ourselves from related investigations or litigation, failure of our operational safeguards against breaches in data security, privacy, conflicts of interest or employee misconduct, our expected tax rate, and our expectations with respect to deferred tax assets, adverse effects of management focusing on implementation of a growth strategy, failure to develop and maintain the Silvercrest brand and other factors disclosed under “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2015 which is accessible on the SEC’s website at www.sec.gov. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Part I – Financial Information

Item 1. Financial Statements

Silvercrest Asset Management Group Inc.

Condensed Consolidated Statements of Financial Condition

(Unaudited)

(In thousands, except share and par value data)

	June 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$21,255	\$ 31,562
Restricted certificates of deposit	80	587
Investments	30	32
Receivables, net	4,283	4,502
Due from Silvercrest Funds	3,675	4,330
Furniture, equipment and leasehold improvements, net	2,252	2,425
Goodwill	25,168	24,682
Intangible assets, net	14,359	15,331
Deferred tax asset—tax receivable agreement	20,560	21,498
Prepaid expenses and other assets	3,923	3,262
Total assets	\$95,585	\$ 108,211
Liabilities and Equity		
Accounts payable and accrued expenses	\$3,323	\$ 4,031
Accrued compensation	10,680	21,786
Notes payable	3,588	4,514
Deferred rent	638	852
Deferred tax and other liabilities	15,341	15,391
Total liabilities	33,570	46,574
Commitments and Contingencies (Note 10)		
Equity		
Preferred Stock, par value \$0.01, 10,000,000 shares authorized; none issued and outstanding, as of June 30, 2016 and December 31, 2015	—	—
Class A common stock, par value \$0.01, 50,000,000 shares authorized; 8,027,825 and 7,989,749 issued and outstanding, as of June 30, 2016 and December 31, 2015, respectively	80	80
Class B common stock, par value \$0.01, 25,000,000 shares authorized; 4,671,047 and 4,695,014 issued and outstanding, as of June 30, 2016 and December 31, 2015, respectively	46	46
Additional Paid-In Capital	41,126	40,951
Retained earnings	5,069	4,758
Total Silvercrest Asset Management Group Inc.'s equity	46,321	45,835
Non-controlling interests	15,694	15,802

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Total equity	62,015	61,637
Total liabilities and equity	\$95,585	\$ 108,211