

AMERIPATH INC
Form 10-Q
August 12, 2004
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2004

or

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

Commission File Number: 000-22313

AMERIPATH, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

65-0642485

Edgar Filing: AMERIPATH INC - Form 10-Q

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

7289 Garden Road, Suite 200

Riviera Beach, Florida
(Address of Principal Executive Offices)

33404
(Zip Code)

(561) 712-6200

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name, Former Address and Formal 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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) Yes No

The number of shares of Common Stock of the Registrant outstanding as of August 12, 2004 was 100.

Table of Contents

AMERIPATH, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

INDEX

	<u>Page</u>
PART I <u>FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets as of June 30, 2004 (Unaudited) and December 31, 2003</u>	1
<u>Condensed Consolidated Statements of Operations for the three months ended June 30, 2004 and 2003, for the six months ended June 30, 2004, for the period from January 1, 2003 through March 27, 2003 (predecessor) and for the period from March 28, 2003 through June 30, 2003 (Unaudited)</u>	2
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2004, for the period from January 1, 2003 through March 27, 2003 (predecessor) and for the period from March 28, 2003 through June 30, 2003 (Unaudited)</u>	3
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	4
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
Item 4. <u>Controls and Procedures</u>	31
PART II <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	31
Item 6. <u>Exhibits and Reports on Form 8-K</u>	32
<u>SIGNATURES</u>	33
<u>EXHIBIT INDEX</u>	34

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****AMERIPATH, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)

	(Successor)	
	June 30, 2004	December 31, 2003
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 13,038	\$ 23,536
Restricted cash	12,289	12,825
Accounts receivable, net	83,912	81,595
Inventories	2,404	1,903
Income tax receivable	127	1,384
Deferred tax assets, net	13,331	13,331
Other current assets	2,676	4,469
Total current assets	127,777	139,043
PROPERTY AND EQUIPMENT, NET	28,296	27,103
OTHER ASSETS:		
Goodwill, net	541,571	532,875
Identifiable intangibles, net	181,406	186,560
Other	25,730	27,172
Total other assets	748,707	746,607
TOTAL ASSETS	\$ 904,780	\$ 912,753
LIABILITIES AND STOCKHOLDER S EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 40,727	\$ 40,314
Accrued interest	9,401	7,318
Current portion of long-term debt	291	3,450
Other current liabilities	1,873	1,873

Edgar Filing: AMERIPATH INC - Form 10-Q

Total current liabilities	52,292	52,955
LONG-TERM LIABILITIES:		
Long-term debt	467,685	489,008
Other liabilities	26,273	17,232
Deferred tax liabilities, net	15,048	14,883
Total long-term liabilities	509,006	521,123
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDER S EQUITY:		
Common stock, \$.01 par value, 100 shares issued and outstanding at June 30, 2004 and December 31, 2003	1	1
Additional paid-in capital	337,815	334,820
Retained earnings	5,666	3,854
Total stockholder s equity	343,482	338,675
TOTAL LIABILITIES AND STOCKHOLDER S EQUITY	\$ 904,780	\$ 912,753

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents**AMERIPATH, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(in thousands)****(Unaudited)****(Successor)**

	Three Months		(Successor)	(Predecessor)	(Successor)
	Ended June 30,		Six Months	Period From	Period From
	2004	2003	Ended June 30,	January 1, 2003	March 28, 2003
			2004	through March 27,	through June 30,
				2003	2003
NET REVENUES:					
Net patient service revenues	\$ 119,503	\$ 114,052	\$ 239,123	\$ 113,478	\$ 114,052
Net management service revenues	5,814	5,851	11,994	5,479	5,851
Net revenues	125,317	119,903	251,117	118,957	119,903
OPERATING COSTS AND EXPENSES:					
Costs of services:					
Net patient service revenue	61,362	57,534	124,096	58,797	57,534
Net management service revenue	3,566	3,782	7,525	3,348	3,782
Total costs of services	64,928	61,316	131,621	62,145	61,316
Selling, general and administrative expenses	23,187	22,459	47,459	21,726	22,459
Provision for doubtful accounts	18,471	17,910	35,824	14,997	17,910
Amortization expense	2,753	3,095	5,567	3,107	3,095
Merger-related charges		2,404		10,010	2,404
Restructuring costs		2,044		1,196	2,044
Asset impairment and related charges			586		
Total operating costs and expenses	109,339	109,228	221,057	113,181	109,228
INCOME FROM OPERATIONS	15,978	10,675	30,060	5,776	10,675
OTHER INCOME (EXPENSES):					
Interest expense	(11,021)	(12,010)	(22,167)	(1,180)	(12,010)
Write-off of deferred financing costs	(341)		(3,829)	(957)	
Change in value of derivative	(1,275)		(1,275)		
Other income, net	110	15	180	33	15
Total other expenses, net	(12,527)	(11,995)	(27,091)	(2,104)	(11,995)
	3,451	(1,320)	2,969	3,672	(1,320)

Edgar Filing: AMERIPATH INC - Form 10-Q

INCOME (LOSS) BEFORE INCOME TAXES					
PROVISION FOR INCOME TAXES	<u>1,335</u>	<u>1,236</u>	<u>1,157</u>	<u>2,131</u>	<u>1,236</u>
NET INCOME (LOSS)	<u>\$ 2,116</u>	<u>\$ (2,556)</u>	<u>\$ 1,812</u>	<u>\$ 1,541</u>	<u>\$ (2,556)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents

AMERIPATH, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(Unaudited)

	(Predecessor)		(Successor)
	Period from		Period from
	January 1, 2003	(Successor)	March 28, 2003
	through	Six Months Ended	through
	March 27,	June 30,	June 30,
	2003	2004	2003
	_____	_____	_____
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 1,541	\$ 1,812	(2,556)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	2,130	4,467	2,230
Amortization	3,169	6,725	3,727
(Gain) loss on disposal of assets	(2)	(4)	50
Asset impairment & related charges		586	
Change in value of derivative		1,275	
Provision for doubtful accounts	14,997	35,824	17,910
Write-off of deferred financing costs	957	3,829	
Merger-related charges	10,010		2,404
Deferred income taxes			(1,406)
Changes in assets and liabilities (net of effects of acquisitions):			
Increase in accounts receivable	(19,607)	(38,215)	(10,310)
(Increase) decrease in inventories			ArcLight Capital Partners, LLC
	42	(501)	

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Source of Funds

5. WC/OO
Check if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of Shares 0

Beneficially 8. Shared Voting Power

Owned by Each 9. 37,069,444 (See Note 1)
Sole Dispositive Power

Reporting Person 10. 0
With Shared Dispositive Power

11. 37,069,444 (See Note 1)
Aggregate Amount Beneficially Owned by Each Reporting Person

12. 37,069,444 (See Note 1)
Check if the Aggregate Amount in Row 11 Excludes Certain Shares

13. Percent of Class Represented by Amount in Row 11

49.1% (See Note 2)
14. Type of Reporting Person

OO (Limited Liability Company)

Note 1: Represents 7,707,571 Series A-1 Convertible Preferred Units (Series A-1 Units) held by High Point Infrastructure Partners, LLC (High Point), convertible into 8,926,909 common units of the Issuer (Common Units), which are indirectly owned by Magnolia Infrastructure Partners, LLC (Magnolia), 3,302,158 Series A-2 Convertible Preferred Units (Series A-2 Units) held by Magnolia, convertible into 3,824,559 Common Units, 9,241,642 Series C Convertible Preferred Units (Series C Units) held by Magnolia Infrastructure Holdings, LLC (Magnolia Holdings), convertible into 9,742,539 Common Units, 9,753,425 Common Units held by Magnolia Holdings, 1,349,609 Common Units held by American Midstream GP, LLC, which is approximately 77% owned by High Point and approximately 23% owned by AMID GP Holdings, LLC, which is approximately 93% owned by Magnolia Holdings, 618,921 Common Units held by Magnolia and 2,853,482 Common Units held by Busbar II, LLC, taking into account the transactions discussed in Item 3.

Note 2: Based on 75,475,077 Common Units outstanding, on an as-converted basis, which equals the sum of (a) 52,981,070 Common Units outstanding as of August 6, 2018, (b) 8,926,909 Common Units issuable upon the conversion of Series A-1 Units outstanding, (c) 3,824,559 Common Units issuable upon the conversion of Series A-2 Units outstanding and (d) 9,742,539 Common Units issuable upon the conversion of Series C Units outstanding.

CUSIP No. 02752P 100

SCHEDULE 13D

1. Name of Reporting Person

Daniel R. Revers

2. Check the Appropriate Box if a Member of a Group

(a) (b)

3. SEC Use Only

4. Source of Funds

WC/00

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

0

Beneficially 8. Shared Voting Power

Owned by

Each

9. 37,069,444 (See Note 1)
Sole Dispositive Power

Reporting

Person

0

With

10. Shared Dispositive Power

37,069,444 (See Note 1)

11. Aggregate Amount Beneficially Owned by Each Reporting Person

37,069,444 (See Note 1)

12. Check if the Aggregate Amount in Row 11 Excludes Certain Shares

13. Percent of Class Represented by Amount in Row 11

49.1% (See Note 2)

14. Type of Reporting Person

IN

Note 1: Represents 7,707,571 Series A-1 Convertible Preferred Units (Series A-1 Units) held by High Point Infrastructure Partners, LLC (High Point), convertible into 8,926,909 common units of the Issuer (Common Units), which are indirectly owned by Magnolia Infrastructure Partners, LLC (Magnolia), 3,302,158 Series A-2 Convertible Preferred Units (Series A-2 Units) held by Magnolia, convertible into 3,824,559 Common Units, 9,241,642 Series C Convertible Preferred Units (Series C Units) held by Magnolia Infrastructure Holdings, LLC (Magnolia Holdings), convertible into 9,742,539 Common Units, 9,753,425 Common Units held by Magnolia Holdings, 1,349,609 Common Units held by American Midstream GP, LLC, which is approximately 77% owned by High Point and approximately 23% owned by AMID GP Holdings, LLC, which is approximately 93% owned by Magnolia Holdings, 618,921 Common Units held by Magnolia and 2,853,482 Common Units held by Busbar II, LLC, taking into account the transactions discussed in Item 3.

Note 2: Based on 75,475,077 Common Units outstanding, on an as-converted basis, which equals the sum of (a) 52,981,070 Common Units outstanding as of August 6, 2018, (b) 8,926,909 Common Units issuable upon the conversion of Series A-1 Units outstanding, (c) 3,824,559 Common Units issuable upon the conversion of Series A-2 Units outstanding and (d) 9,742,539 Common Units issuable upon the conversion of Series C Units outstanding.

This Amendment No. 22 to Schedule 13D amends and supplements the Statement on Schedule 13D filed on May 3, 2013, as amended by Amendment No. 1 filed on November 14, 2014, Amendment No. 2 filed on February 17, 2015, Amendment No. 3 filed on April 3, 2015, Amendment No. 4 filed on May 15, 2015, Amendment No. 5 filed on August 18, 2015, Amendment No. 6 filed on August 19, 2015, Amendment No. 7 filed on September 17, 2015, Amendment No. 8 filed on November 18, 2015, Amendment No. 9 filed on December 22, 2015, Amendment No. 10 filed on January 6, 2016, Amendment No. 11 filed on January 11, 2016, Amendment No. 12 filed on February 1, 2016, Amendment No. 13 filed on February 24, 2016, Amendment No. 14 filed on April 27, 2016, Amendment No. 15 filed on May 18, 2016, Amendment No. 16 filed on November 3, 2016, Amendment No. 17 filed on December 6, 2016, Amendment No. 18 filed on March 8, 2017, Amendment No. 19 filed on August 18, 2017, Amendment No. 20 filed on October 12, 2017 and Amendment No. 21 filed on August 20, 2018 (as amended, this Schedule 13D), filed with respect to the common units representing limited partner interests (Common Units) of American Midstream Partners, LP (the Issuer).

ITEM 4. Purpose of Transaction.

The fourth paragraph of Item 4 is hereby amended and restated in its entirety as follows:

Consistent with its investment purpose, each Reporting Person may, either directly or through one or more affiliates, from time to time or at any time and subject to price, market and general economic and fiscal conditions and other factors, acquire or seek to acquire additional Units in the open market, in privately negotiated transactions or otherwise, or dispose of or seek to dispose of all or a portion of Units now owned or hereafter acquired. In addition, any Reporting Person may, either directly or through one or more affiliates, from time to time or at any time and subject to price, market and general economic and fiscal conditions and other factors, consolidate or seek to consolidate assets held by such Reporting Person and its affiliates, including acquiring assets owned by, or selling assets to, the Issuer, or make changes or seek to make changes to the capital structure of the Issuer. Each Reporting Person reserves the right to change its intention with respect to any or all of the matters required to be disclosed in this Item 4.

Furthermore, Item 4 is hereby amended and supplemented by adding the following immediately after the last paragraph:

On September 27, 2018, Magnolia Infrastructure Holdings, LLC (Magnolia Holdings) delivered a non-binding offer (the Offer Letter) to the board of directors of American Midstream GP, LLC (the Issuer Board) to acquire all of the issued and outstanding publicly held Common Units of the Issuer that are not directly owned by Magnolia Holdings or any of its affiliates in exchange for \$6.10 in cash for each such Common Unit. The foregoing description of the Offer Letter does not purport to be complete and is qualified in its entirety by reference to the full text of the Offer Letter, which is filed as Exhibit 2 hereto and is incorporated by reference in its entirety into this Item 4.

There can be no assurance that any discussions that may occur between Magnolia Holdings and the Issuer with respect to the offer contained in the Offer Letter will result in the entry into a definitive agreement concerning a transaction or, if such a definitive agreement is reached, will result in the consummation of a transaction provided for in such definitive agreement. Discussions concerning a transaction may be terminated at any time and without prior notice. Entry into a definitive agreement concerning a transaction and the consummation of any such transaction is subject to a number of contingencies that are beyond the control of Magnolia Holdings, including the satisfactory completion of due diligence, the approval of the Issuer Board, the approval of a conflicts committee to be established by the Issuer Board, the approval by holders of a majority of the outstanding Common Units of the Issuer, and the satisfaction of any conditions to the consummation of a transaction set forth in any such definitive agreement.

Except as may be required by law, Magnolia Holdings does not intend to disclose developments with respect to the offer contained in the Offer Letter unless and until the Issuer Board and Magnolia Holdings have approved a specific transaction, if any, and Magnolia Holdings and the Issuer have then entered into a definitive agreement to effect such transaction.

ITEM 7. Material to be Filed as Exhibits.

See the Exhibit Index following the signature pages hereto.

SIGNATURES

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned hereby certifies that the information set forth in this statement is true, complete and correct.

Dated: September 28, 2018

AMERICAN MIDSTREAM GP, LLC

By its Class A Members:

AMID GP HOLDINGS, LLC

/s/ Daniel R. Revers
Daniel R. Revers, President

and

HIGH POINT INFRASTRUCTURE
PARTNERS, LLC

/s/ Daniel R. Revers
Daniel R. Revers, President

AMID GP HOLDINGS, LLC

/s/ Daniel R. Revers
Daniel R. Revers, President

HIGH POINT INFRASTRUCTURE
PARTNERS, LLC

/s/ Daniel R. Revers
Daniel R. Revers, President

MAGNOLIA INFRASTRUCTURE
PARTNERS, LLC

/s/ Daniel R. Revers
Daniel R. Revers, President

MAGNOLIA INFRASTRUCTURE
HOLDINGS, LLC

/s/ Daniel R. Revers
Daniel R. Revers, President

ARCLIGHT ENERGY PARTNERS FUND V,
L.P.

By: ArcLight PEF GP V, LLC, its General
Partner

By: ArcLight Capital Holdings, LLC, its
Manager

By: ACHP II, L.P., its Managing Member

By: ACH GP, LLC, its General Partner

/s/ Daniel R. Revers

Daniel R. Revers, Manager

ARCLIGHT PEF GP V, LLC

By: ArcLight Capital Holdings, LLC, its
Manager

By: ACHP II, L.P., its Managing Member

By: ACH GP, LLC, its General Partner

/s/ Daniel R. Revers

Daniel R. Revers, Manager

ARCLIGHT CAPITAL HOLDINGS, LLC

By: ACHP II, L.P., its Managing Member

By: ACH GP, LLC, its General Partner

/s/ Daniel R. Revers

Daniel R. Revers, Manager

ARCLIGHT CAPITAL PARTNERS, LLC

/s/ Daniel R. Revers

Daniel R. Revers, Managing Partner

/s/ Daniel R. Revers

Daniel R. Revers

EXHIBIT INDEX

Exhibit

Number

Description

1. Joint Filing Agreement (incorporated by reference to Exhibit 1 of Amendment No. 19 to Schedule 13D filed by the Reporting Persons on August 18, 2017).
2. Offer Letter, dated September 27, 2018.