

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A
Amendment No. 1

(Mark One)

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

For the quarterly period ended March 31, 2020

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 No. 001-35711



CROSSAMERICA PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

600 Hamilton Street, Suite 500

Allentown, PA

(Address of Principal Executive Offices)

45-4165414

(I.R.S. Employer
Identification No.)

18101

(Zip Code)

(610) 625-8000

(Registrant's telephone number, including area code)

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

Title of each class

Common Units

Trading Symbol(s)

CAPL

Name of each exchange on which registered

New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of May 1, 2020, the registrant had outstanding 37,866,005 common units.

EXPLANATORY NOTE

CrossAmerica Partners LP (“CrossAmerica,” the “Partnership,” “we,” “us” or “our”) is filing this Amendment No. 1 on Form 10-Q/A (this “Amendment”) to amend its Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2020 (the “Form 10-Q”), which was originally filed on May 7, 2020 with the U.S. Securities and Exchange Commission (the “SEC”). The sole purpose for filing this Amendment is to include summarized financial information for our investment in CST Fuel Supply, an entity in which we owned a 17.5% interest from July 1, 2015 through March 25, 2020 and that has been accounted for as an equity method investment during that period. No other changes to the contents of the Form 10-Q have been made, except as specified in this explanatory note.

This Amendment inserts supplemental financial information into Note 10 to the financial statements under the heading “CST Fuel Supply Equity Interests.” We are filing this Amendment to include supplemental financial information for the period from January 1, 2020 through the date of closing on the CST Fuel Supply Exchange on March 25, 2020 in Note 10 to the financial statements in order to more clearly comply with the requirements of Regulation S-X Rule 10-01(b)(1). The inclusion of this summarized financial information of CST Fuel Supply in this Amendment does not impact or affect our consolidated financial condition or results of operations.

This summarized financial information was required to be included in the Form 10-Q pursuant to Rule 10-01(b)(1) of Regulation S-X and we failed to include such information. In light of these and related omissions, this Amendment includes updated disclosure regarding our conclusions with respect to the effectiveness of our disclosure controls and procedures in Item 4. Controls and Procedures.

This Amendment does not affect any other parts of, or exhibits to, the Form 10-Q, and those unaffected parts or exhibits are not included in this Amendment. Except as expressly stated in this Amendment, the Form 10-Q continues to speak as of the date of the filing of the Form 10-Q, and we have not updated the disclosure contained in this Amendment to reflect events that have occurred since the filing of the Form 10-Q. Accordingly, this Amendment must be read in conjunction with the Partnership’s other filings made with the SEC subsequent to the filing of the Form 10-Q, including amendments to those filings, if any.

TABLE OF CONTENTS

	<u>PAGE</u>
<u>Commonly Used Defined Terms</u> ¹	i
<u>PART I - FINANCIAL INFORMATION</u>	1
<u>Item 1. Financial Statements</u>	1
<u>Consolidated Balance Sheets as of March 31, 2020 (unaudited) and December 31, 2019</u>	1
<u>Consolidated Statements of Operations (unaudited) for the Three Months Ended March 31, 2020 and 2019</u>	2
<u>Consolidated Statements of Cash Flows (unaudited) for the Three Months Ended March 31, 2020 and 2019</u>	3
<u>Consolidated Statements of Equity and Comprehensive Income (unaudited) for the Three Months Ended March 31, 2020 and 2019</u>	4
<u>Condensed Notes to Consolidated Financial Statements</u>	5
<u>Item 4. Controls and Procedures</u>	22
<u>PART II - OTHER INFORMATION</u>	23
<u>Item 6. Exhibits</u>	23
<u>SIGNATURE</u>	24

¹ No changes have been made and the inclusion of Commonly Used Defined Terms is solely for the convenience of the reader.

COMMONLY USED DEFINED TERMS

The following is a list of certain acronyms and terms generally used in the industry and throughout this document:

CrossAmerica Partners LP and subsidiaries:

CrossAmerica Partners LP	CrossAmerica, the Partnership, we, us, our
LGW	Lehigh Gas Wholesale LLC
LGPR	LGPR Realty Holdings LP
LGWS	Lehigh Gas Wholesale Services, Inc. and subsidiaries

CrossAmerica Partners LP related parties at any point during 2019 or 2020:

Circle K	Circle K Stores Inc., a Texas corporation, and a wholly owned subsidiary of Couche-Tard
Couche-Tard	Alimentation Couche-Tard Inc. (TSX: ATD.A ATD.B)
CST	CST Brands, LLC and subsidiaries, indirectly owned by Circle K.
CST Fuel Supply	CST Fuel Supply LP is the parent of CST Marketing and Supply, indirectly owned by Circle K. From July 1, 2015 through March 25, 2020, we owned a 17.5% limited partner interest in CST Fuel Supply. See Note 3 to the financial statements for information regarding the closing of the CST Fuel Supply Exchange.
CST Marketing and Supply	CST Marketing and Supply, LLC, indirectly owned by Circle K. It is CST's wholesale motor fuel supply business, which provides wholesale fuel distribution to the majority of CST's legacy U.S. retail convenience stores on a fixed markup per gallon.
CST Services	CST Services, LLC, a wholly owned subsidiary of Circle K
DMI	Dunne Manning Inc. (formerly Lehigh Gas Corporation), an entity affiliated with the Topper Group
DMP	Dunne Manning Partners LLC, an entity affiliated with the Topper Group and controlled by Joseph V. Topper, Jr. Since November 19, 2019, DMP has owned 100% of the membership interests in the sole member of the General Partner.
DMR	Dunne Manning Realty LP, an entity affiliated with the Topper Group
DMS	Dunne Manning Stores LLC (formerly known as Lehigh Gas-Ohio, LLC), an entity affiliated with the Topper Group. Through April 14, 2020, DMS was an operator of retail motor fuel stations. DMS leased retail sites from us in accordance with a master lease agreement and purchased a significant portion of its motor fuel for these sites from us on a wholesale basis under rack plus pricing. The financial results of DMS are not consolidated with ours. See Note 4 to the financial statements regarding the acquisition of retail and wholesale assets from the Topper Group and related termination of the fuel supply and master lease agreements with us.
General Partner	CrossAmerica GP LLC, the General Partner of CrossAmerica, a Delaware limited liability company, indirectly owned by the Topper Group.
Topper Group	Joseph V. Topper, Jr., collectively with his affiliates and family trusts that have ownership interests in the Partnership. Joseph V. Topper, Jr. is the founder of the Partnership and a member of the Board. The Topper Group is a related party and large holder of our common units
TopStar	TopStar Inc., an entity affiliated with a family member of Joseph V. Topper, Jr. TopStar is an operator of convenience stores that leases retail sites from us, and since April 14, 2020, also purchases fuel from us.

Recent Acquisitions:

Franchised Holiday Stores	The franchised Holiday stores acquired in March 2016
Jet-Pep Assets	The assets acquired from Jet-Pep, Inc. in November 2017

Other Defined Terms:

ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	Board of Directors of our General Partner
BP	BP p.l.c.
CDC	The Centers for Disease Control and Prevention
Circle K Omnibus Agreement	The Amended and Restated Omnibus Agreement, dated October 1, 2014, as amended effective January 1, 2016, February 1, 2018 and April 29, 2019 by and among CrossAmerica, the General Partner, DMI, DMS, CST Services and Joseph V. Topper, Jr., which amends and restates the original omnibus agreement that was executed in connection with CrossAmerica's IPO on October 30, 2012. The terms of the Circle K Omnibus Agreement were approved by the conflicts committee of the Board. Pursuant to the Circle K Omnibus Agreement, CST Services agreed, among other things, to provide, or cause to be provided, to the Partnership certain management services. See Note 10 to the financial statements for information regarding the termination of this agreement and the concurrent entering into the Transitional Omnibus Agreement.
COVID-19 Pandemic	In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, China. In March 2020, the World Health Organization declared the outbreak a pandemic.
CST Fuel Supply Exchange	Exchange Agreement, dated November 19, 2019, between the Partnership and Circle K, which closed effective March 25, 2020. Pursuant to the Exchange Agreement, Circle K transferred to the Partnership certain owned and leased convenience store properties and related assets (including fuel supply agreements) and wholesale fuel supply contracts covering additional sites, and, in exchange, the Partnership transferred to Circle K 100% of the limited partnership units it held in CST Fuel Supply.
DTW	Dealer tank wagon contracts, which are variable cent per gallon priced wholesale motor fuel distribution or supply contracts. DTW also refers to the pricing methodology under such contracts
EBITDA	Earnings before interest, taxes, depreciation, amortization and accretion, a non-GAAP financial measure
EMV	Payment method based upon a technical standard for smart payment cards, also referred to as chip cards
Exchange Act	Securities Exchange Act of 1934, as amended
ExxonMobil	ExxonMobil Corporation
FASB	Financial Accounting Standards Board
Form 10-K	CrossAmerica's Annual Report on Form 10-K for the year ended December 31, 2019
FTC	U.S. Federal Trade Commission
GP Purchase	Purchase by DMP from subsidiaries of Circle K of: 1) 100% of the membership interests in the sole member of the General Partner; 2) 100% of the Incentive Distribution Rights issued by the Partnership; and 3) an aggregate of 7,486,131 common units of the Partnership. These transactions closed on November 19, 2019.
IDRs	Incentive Distribution Rights represented the right to receive an increasing percentage of quarterly distributions after the target distribution levels were achieved. As a result of the GP Purchase, DMP owned 100% of the outstanding IDRs from November 19, 2019 through February 6, 2020. See Note 15 to the financial statements for information regarding the elimination of the IDRs.
Internal Revenue Code	Internal Revenue Code of 1986, as amended
IPO	Initial public offering of CrossAmerica Partners LP on October 30, 2012

LIBOR	London Interbank Offered Rate
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Motiva	Motiva Enterprises LLC
Partnership Agreement	The First Amended and Restated Agreement of Limited Partnership of CrossAmerica Partners LP, dated as of October 1, 2014, as amended. See Note 15 to the financial statements regarding the elimination of the IDRs, which triggered the need to further amend the Partnership Agreement.
Predecessor Entity	Wholesale distribution contracts and real property and leasehold interests contributed to the Partnership in connection with the IPO
SEC	U.S. Securities and Exchange Commission
Terms Discounts	Discounts for prompt payment and other rebates and incentives from our suppliers for a majority of the gallons of motor fuel purchased by us, which are recorded within cost of sales. Prompt payment discounts are based on a percentage of the purchase price of motor fuel.
Topper Group Omnibus Agreement	The Topper Group Omnibus Agreement, effective January 1, 2020, by and among the Partnership, the General Partner and DMI. The terms of the Topper Group Omnibus Agreement were approved by the conflicts committee of the Board, which is composed of the independent directors of the Board. Pursuant to the Topper Group Omnibus Agreement, DMI agrees, among other things, to provide, or cause to be provided, to the Partnership certain management services at cost without markup.
Transitional Omnibus Agreement	Upon the closing of the GP Purchase, the Circle K Omnibus Agreement was terminated and the Partnership entered into a Transitional Omnibus Agreement, dated as of November 19, 2019, among the Partnership, the General Partner and Circle K. Pursuant to the Transitional Omnibus Agreement, Circle K has agreed, among other things, to continue to provide, or cause to be provided, to the Partnership certain management services, administrative and operating services, as provided under the Circle K Omnibus Agreement through June 30, 2020 with respect to certain services, unless earlier terminated or unless the parties extend the term of certain services. In addition, from January 1, 2020 until the closing of the CST Fuel Supply Exchange, the General Partner provided Circle K with certain administrative and operational services, on the terms and conditions set forth in the Transitional Omnibus Agreement.
U.S. GAAP	U.S. Generally Accepted Accounting Principles
Valero	Valero Energy Corporation and, where appropriate in context, one or more of its subsidiaries, or all of them taken as a whole
WTI	West Texas Intermediate crude oil

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CROSSAMERICA PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars, except unit data)

	March 31, 2020 (Unaudited)	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,907	\$ 1,780
Accounts receivable, net of allowances of \$642 and \$557, respectively	28,036	38,051
Accounts receivable from related parties	1,687	4,299
Motor fuel inventory	4,945	6,230
Assets held for sale	16,331	13,231
Other current assets	5,272	5,795
Total current assets	65,178	69,386
Property and equipment, net	574,584	565,916
Right-of-use assets, net	123,831	120,767
Intangible assets, net	79,331	44,996
Goodwill	88,764	88,764
Other assets	21,184	21,318
Total assets	\$ 952,872	\$ 911,147
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt and finance lease obligations	\$ 2,515	\$ 2,471
Current portion of operating lease obligations	25,127	23,485
Accounts payable	46,921	57,392
Accounts payable to related parties	999	431
Accrued expenses and other current liabilities	14,894	16,382
Motor fuel taxes payable	10,073	12,475
Total current liabilities	100,529	112,636
Debt and finance lease obligations, less current portion	526,981	534,859
Operating lease obligations, less current portion	104,007	100,057
Deferred tax liabilities, net	19,233	19,369
Asset retirement obligations	36,647	35,589
Other long-term liabilities	34,058	30,240
Total liabilities	821,455	832,750
Commitments and contingencies		
Equity:		
Common units—(37,023,114 and 34,494,441 units issued and outstanding at March 31, 2020 and December 31, 2019, respectively)	132,214	78,397
Accumulated other comprehensive loss	(797)	—
Total equity	131,417	78,397
Total liabilities and equity	\$ 952,872	\$ 911,147

See Condensed Notes to Consolidated Financial Statements.

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands of Dollars, except unit and per unit amounts)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Operating revenues ^(a)	\$ 391,695	\$ 471,786
Costs of sales ^(b)	355,966	434,709
Gross profit	35,729	37,077
Income from CST Fuel Supply equity interests	3,202	3,426
Operating expenses:		
Operating expenses	10,723	15,353
General and administrative expenses	4,480	4,418
Depreciation, amortization and accretion expense	17,227	13,061
Total operating expenses	32,430	32,832
Gain (loss) on dispositions and lease terminations, net	70,931	(59)
Operating income	77,432	7,612
Other income, net	137	86
Interest expense	(5,540)	(7,337)
Income before income taxes	72,029	361
Income tax (benefit) expense	(32)	149
Net income	72,061	212
IDR distributions	(133)	(133)
Net income available to limited partners	\$ 71,928	\$ 79
Basic and diluted earnings per common unit	\$ 2.00	\$ 0.00
Weighted-average limited partner units:		
Basic common units	35,994,972	34,444,113
Diluted common units	35,995,933	34,456,465
Supplemental information:		
(a) Includes excise taxes of:	\$ 14,937	\$ 20,444
(a) Includes rent income of:	22,688	21,638
(b) Includes rent expense of:	6,920	6,659

See Condensed Notes to Consolidated Financial Statements.

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of Dollars)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities:		
Net income	\$ 72,061	\$ 212
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion expense	17,227	13,061
Amortization of deferred financing costs	261	290
Credit loss expense	91	49
Deferred income taxes	(136)	(666)
Equity-based employee and director compensation expense	31	202
(Gain) loss on dispositions and lease terminations, net	(70,931)	59
Changes in operating assets and liabilities, net of acquisitions	(810)	(2,209)
Net cash provided by operating activities	<u>17,794</u>	<u>10,998</u>
Cash flows from investing activities:		
Principal payments received on notes receivable	87	85
Proceeds from Circle K in connection with CST Fuel Supply Exchange	15,935	—
Proceeds from sale of assets	5,032	—
Capital expenditures	(5,382)	(7,078)
Net cash provided by (used) in investing activities	<u>15,672</u>	<u>(6,993)</u>
Cash flows from financing activities:		
Borrowings under the revolving credit facility	19,000	31,834
Repayments on the revolving credit facility	(26,500)	(13,334)
Payments of long-term debt and finance lease obligations	(595)	(552)
Payment of deferred financing costs	—	(613)
Distributions paid on distribution equivalent rights	(1)	(16)
Distributions paid to holders of the IDRs	(133)	(133)
Distributions paid on common units	(18,110)	(18,083)
Net cash used in financing activities	<u>(26,339)</u>	<u>(897)</u>
Net increase in cash and cash equivalents	7,127	3,108
Cash and cash equivalents at beginning of period	<u>1,780</u>	<u>3,191</u>
Cash and cash equivalents at end of period	<u>\$ 8,907</u>	<u>\$ 6,299</u>

See Condensed Notes to Consolidated Financial Statements.

CROSSAMERICA PARTNERS LP
CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME
(Thousands of Dollars, except unit amounts)
(Unaudited)

	<u>Limited Partners' Interest</u>		<u>Incentive</u>	<u>Accumulated</u>	<u>Total Equity</u>
	<u>Common</u>		<u>Distribution</u>	<u>other</u>	
	<u>Units</u>	<u>Dollars</u>	<u>Rights</u>	<u>comprehensive loss</u>	<u>Dollars</u>
			<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Balance at December 31, 2019	34,494,441	\$ 78,397	\$ —	\$ —	\$ 78,397
Net income	—	71,928	133	—	72,061
Other comprehensive loss					
Unrealized loss on interest rate swap contract	—	—	—	(786)	(786)
Realized gain on interest rate swap contract reclassified from AOCI into interest expense	—	—	—	(11)	(11)
Total other comprehensive loss	—	—	—	(797)	(797)
Comprehensive income (loss)	—	71,928	133	(797)	71,264
Distributions paid	—	(18,111)	(133)	—	(18,244)
Issuance of units to the Topper Group in connection with the Equity Restructuring Agreement	2,528,673	—	—	—	—
Balance at March 31, 2020	37,023,114	\$ 132,214	\$ —	\$ (797)	\$ 131,417
Balance at December 31, 2018	34,444,113	\$ 110,933	\$ —	\$ —	\$ 110,933
Transition adjustment upon adoption of ASC 842, net of tax	—	28,896	—	—	28,896
Net income and comprehensive income	—	79	133	—	212
Distributions paid	—	(18,099)	(133)	—	(18,232)
Balance at March 31, 2019	34,444,113	\$ 121,809	\$ —	\$ —	\$ 121,809

See Condensed Notes to Consolidated Financial Statements.

Note 1. DESCRIPTION OF BUSINESS AND OTHER DISCLOSURES

Purchase of the General Partner by the Topper Group

On November 19, 2019, subsidiaries of DMP purchased from subsidiaries of Circle K: 1) 100% of the membership interests in the sole member of the General Partner; 2) 100% of the IDRs issued by the Partnership; and 3) an aggregate of 7,486,131 common units of the Partnership. Joseph V. Topper, Jr. is the founder and, since November 19, 2019, chairman of the Board.

Through its control of DMP, the Topper Group controls the sole member of our General Partner and has the ability to appoint all of the members of the Board and to control and manage the operations and activities of the Partnership. As of May 1, 2020, the Topper Group also has beneficial ownership of a 48.9% limited partner interest in the Partnership.

Description of Business

Our business consists of:

- the wholesale distribution of motor fuels;
- the retail distribution of motor fuels to end customers at retail sites operated by commission agents or through September 2019, us;
- the owning or leasing of retail sites used in the retail distribution of motor fuels and, in turn, generating rental income from the lease or sublease of the retail sites; and to a lesser extent,
- through September 2019, the operation of retail sites.

The financial statements reflect the consolidated results of the Partnership and its wholly owned subsidiaries. Our primary operations are conducted by the following consolidated wholly owned subsidiaries:

- LGW, which distributes motor fuels on a wholesale basis and generates qualifying income under Section 7704(d) of the Internal Revenue Code;
- LGPR, which functions as our real estate holding company and holds assets that generate qualifying rental income under Section 7704(d) of the Internal Revenue Code; and
- LGWS, which owns and leases (or leases and sub-leases) real estate and personal property used in the retail distribution of motor fuels, as well as provides maintenance and other services to its customers. In addition, LGWS sells motor fuel on a retail basis at sites operated by commission agents. Through September 2019, LGWS also distributed motor fuels on a retail basis and sold convenience merchandise items to end customers at company operated retail sites. Income from LGWS generally is not qualifying income under Section 7704(d) of the Internal Revenue Code. See Note 4 for information related to our acquisition of retail and wholesale assets that closed on April 14, 2020.

Interim Financial Statements

These unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to Form 10-Q and the Exchange Act. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal recurring nature unless disclosed otherwise. Management believes that the disclosures made are adequate to keep the information presented from being misleading. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in our Form 10-K. Financial information as of March 31, 2020 and for the three months ended March 31, 2020 and 2019 included in the consolidated financial statements has been derived from our unaudited financial statements. Financial information as of December 31, 2019 has been derived from our audited financial statements and notes thereto as of that date.

Operating results for the three months ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. Our business exhibits seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer activity months) and lowest during the winter months in the first and fourth quarters. The COVID-19 pandemic is anticipated to cause additional impacts to our business. See the "COVID 19 Pandemic" section below.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results and outcomes could differ from those estimates and assumptions. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances could result in revised estimates and assumptions.

Reclassification

Certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on net income or total equity.

Significant Accounting Policies

Certain new accounting pronouncements have become effective for our financial statements, but the adoption of these pronouncements did not materially impact our financial position, results of operations or disclosures, other than as described below.

Interest Rate Swap Contracts

The Partnership uses interest rate swap contracts to reduce its exposure to unfavorable changes in interest rates. The Partnership accounts for derivative contracts in accordance with ASC Topic 815, "Derivatives and Hedging," and recognizes derivative instruments as either assets or liabilities on the balance sheet and measures those instruments at fair value. The changes in fair value of the derivative transactions are presented in accumulated other comprehensive income and reclassified to interest expense as the interest payments on our credit facility are made.

The portion of derivative positions that are anticipated to settle within a year are included in other current assets and accrued expenses and other current liabilities, while the portion of derivative positions that are anticipated to settle beyond a year are recorded in other assets or other long-term liabilities.

Cash inflows and outflows related to derivative instruments are included as a component of operating activities on the statements of cash flows, consistent with the classification of the hedged interest payments on our credit facility.

See Note 9 for information related to our interest rate swap contracts.

Financial Instrument Credit Losses

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments." This standard requires that for most financial assets, losses be based on an expected loss approach which includes estimates of losses over the life of exposure that considers historical, current and forecasted information. Expanded disclosures related to the methods used to estimate the losses as well as a specific disaggregation of balances for financial assets are also required. The impact of adopting this guidance effective January 1, 2020 was not material.

The primary financial instrument within the scope of this guidance is our accounts receivable, which mainly result from the sale of motor fuels to customers and, to a lesser extent, rental fees for retail sites. Our accounts receivable is generally considered as having a similar risk profile. Credit is extended to a customer based on an evaluation of the customer's financial condition. In certain circumstances, collateral may be required from the customer and fuel and lease agreements are generally cross-collateralized when applicable. Receivables are recorded at face value, without interest or discount.

The allowance for credit losses is generally based upon historical experience while also factoring in any new business conditions that might impact the historical analysis, such as market conditions and bankruptcies of particular customers. Credit loss expense is included in general and administrative expenses. We review all accounts receivable balances on at least a quarterly basis. The impact of applying the new expected loss model did not result in a significantly different allowance from that determined under the incurred loss model previously applied.

See Note 16 for additional information on receivables.

New Accounting Guidance Pending Adoption – Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU 2019-12, “Simplifying the Accounting for Income Taxes.” The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles in ASC 740. The amendments also improve consistent application of and simplify GAAP for other areas of ASC 740 by clarifying and amending existing guidance, such as the accounting for a franchise tax (or similar tax) that is partially based on income. This standard is effective January 1, 2021 for the Partnership. The Partnership is assessing the impact of adopting this guidance on its financial statements.

Concentration Risk

For the three months ended March 31, 2020, we distributed 6% of our total wholesale distribution volumes to DMS and DMS accounted for 5% of our rental income. For the three months ended March 31, 2019, we distributed 8% of our total wholesale distribution volumes to DMS and DMS accounted for 9% of our rental income. See Note 4 for information on the termination of the master lease and master fuel supply agreements with DMS in connection with our acquisition of retail and wholesale assets.

For the three months ended March 31, 2020, we distributed 5% of our total wholesale distribution volume to Circle K retail sites that are not supplied by CST Fuel Supply and received 12% of our rental income from Circle K. For the three months ended March 31, 2019, we distributed 7% of our total wholesale distribution volume to Circle K retail sites that are not supplied by CST Fuel Supply and received 19% of our rental income from Circle K.

For more information regarding transactions with DMS and Circle K, see Note 10.

For the three months ended March 31, 2020, our wholesale business purchased approximately 24%, 23%, 13% and 11% of its motor fuel from ExxonMobil, BP, Motiva and Circle K, respectively. For the three months ended March 31, 2019, our wholesale business purchased approximately 26%, 25%, 13% and 10% of its motor fuel from ExxonMobil, BP, Motiva and Circle K, respectively. No other fuel suppliers accounted for 10% or more of our motor fuel purchases during the three months ended March 31, 2020 and 2019.

COVID-19 Pandemic

During the first quarter of 2020, an outbreak of a novel strain of coronavirus spread worldwide, including to the U.S., posing public health risks that have reached pandemic proportions.

The impact of COVID-19 to the results for the first quarter of 2020 was not material. However, we experienced a decrease in fuel volume starting in mid-to-late March and continuing through April. For the first quarter of 2020, the negative impact of the volume decrease on fuel gross profit was offset by the positive impact from the decline in crude prices, which increased DTW margins.

As a result of the implications of COVID-19, we assessed property and equipment, other long-lived assets and goodwill for impairment and concluded no assets were impaired as of March 31, 2020. See Note 6 for information regarding impairment charges related primarily to classifying sites as assets held for sale.

We cannot predict the scope and severity with which COVID-19 will impact our business, financial condition, results of operations and cash flows. Sustained decreases in fuel volume or erosion of margin could have a material adverse effect on our results of operations, cash flow, financial position and ultimately our ability to pay distributions.

Note 2. ASSET EXCHANGE TRANSACTION WITH CIRCLE K

Third Asset Exchange

On February 25, 2020, the closing of the third tranche of asset exchanges under the Asset Exchange Agreement, entered into with Circle K on December 17, 2018 (the “Asset Exchange Agreement”), occurred (the “Third Asset Exchange”). In this Third Asset Exchange, Circle K transferred to the Partnership ten (all fee) U.S. company operated convenience and fuel retail stores (“CK Properties”) having an aggregate fair value of approximately \$11.0 million, and the Partnership transferred to Circle K the real property for five of the master lease properties (“CAPL Properties”) having an aggregate fair value of approximately \$10.3 million.

In connection with the closing of the Third Asset Exchange, the stores transferred by Circle K were dealerized as contemplated by the Asset Exchange Agreement and Circle K’s rights under the dealer agreements and agent agreements that were entered into in connection therewith were assigned to the Partnership.

We accounted for the first two tranches of the asset exchange as transactions between entities under common control as our General Partner was owned by Circle K at the time of closing on those transactions. Since our General Partner was acquired by the Topper Group in November 2019, the Partnership and Circle K are not entities under common control at the time of closing on the Third Asset Exchange. As such, we have recognized a gain on the sale of the five CAPL properties of \$1.8 million in the statement of operations. Additionally, we recorded the following to reflect the acquisition of the CK Properties in the Third Asset Exchange (in thousands):

Property and equipment, net	\$	9,922
Intangible assets, net		1,336
Total assets		11,258
Asset retirement obligations		293
Net assets acquired	\$	10,965

Through the Third Asset Exchange, the fair value of the CAPL Properties we have divested exceeds the fair value of the CK Properties we have acquired by \$0.7 million. After the final tranche closing, any net valuation difference will be paid by the party owing such amount to the other.

Fourth and Fifth Asset Exchanges

We closed on the fourth and fifth tranches of the asset exchanges on April 7, 2020 and May 5, 2020, respectively. The stores transferred by Circle K were dealerized as contemplated by the Asset Exchange Agreement and Circle K’s rights under the dealer agreements and agent agreements that were entered into in connection therewith were assigned to the Partnership.

In this fourth asset exchange, Circle K transferred to the Partnership 13 (11 fee; 2 leased) U.S. company operated convenience and fuel retail stores having an aggregate fair value of approximately \$13.1 million, and the Partnership transferred to Circle K the real property for seven of the master lease properties having an aggregate fair value of approximately \$12.8 million.

In the fifth asset exchange, Circle K transferred to the Partnership 29 (22 fee; 7 leased) U.S. company operated convenience and fuel retail stores having an aggregate fair value of approximately \$31.5 million, and the Partnership transferred to Circle K the real property for 13 of the master lease properties having an aggregate fair value of approximately \$31.7 million.

There are 24 CK Properties and four CAPL Properties remaining to be exchanged, which are anticipated to close in the second half of 2020.

Note 3. CST FUEL SUPPLY EXCHANGE AGREEMENT

Effective March 25, 2020, pursuant to the terms of the previously announced CST Fuel Supply Exchange Agreement dated as of November 19, 2019 (the "CST Fuel Supply Exchange Agreement"), between the Partnership and Circle K, Circle K transferred to the Partnership 33 owned and leased convenience store properties (the "Properties") and certain assets (including fuel supply agreements) relating to such Properties, as well as U.S. wholesale fuel supply contracts covering 333 additional sites (the "DODO Sites"), subject to certain adjustments, and, in exchange therefore, the Partnership transferred to Circle K all of the limited partnership units in CST Fuel Supply that were owned by the Partnership, which represent 17.5% of the outstanding units of CST Fuel Supply (collectively, the "CST Fuel Supply Exchange"). Twelve Properties and 49 DODO Sites (collectively, the "Removed Properties") were removed from the Exchange Transaction prior to closing, and Circle K made an aggregate payment of approximately \$13.4 million to us at closing in lieu of the Removed Properties, in each case, pursuant to the terms and conditions of the CST Fuel Supply Exchange Agreement.

The assets exchanged by Circle K included (a) fee simple title to all land and other real property and related improvements owned by Circle K at the Properties, (b) Circle K's leasehold interest in all land and other real property and related improvements leased by Circle K at the Properties, (c) all buildings and other improvements and permanently attached machinery, equipment and other fixtures located on the Properties, (d) all tangible personal property owned by Circle K on the Properties, including all underground storage tanks located on the Properties, (e) all of Circle K's rights under the dealer agreements related to the Properties and the DODO Sites, (f) Circle K's rights under the leases to the leased Properties and all tenant leases and certain other contracts related to the Properties, (g) all fuel inventory owned by Circle K and stored in the underground storage tanks at locations operated by dealers that are independent commission marketers, (h) all assignable permits related to the Properties and related assets owned by Circle K, (i) all real estate records and related registrations and reports and other books and records of Circle K to the extent relating to the Properties, and (j) all other intangible assets associated with the foregoing assets (collectively, the "Assets"). The Partnership will also assume certain liabilities associated with the Assets.

The Partnership and Circle K have agreed to indemnify each other for, among other things, breaches of their respective representations and warranties contained in the CST Fuel Supply Exchange Agreement for a period of 18 months after the date of closing (except for certain fundamental representations and warranties, which survive until the expiration of the applicable statute of limitations) and for breaches of their respective covenants and for certain liabilities assumed or retained by the Partnership or Circle K, respectively. The respective indemnification obligations of each of the Partnership and Circle K to the other are subject to the limitations set forth in the CST Fuel Supply Exchange Agreement.

In connection with the execution of the CST Fuel Supply Exchange Agreement, the Partnership and Circle K also entered into an Environmental Responsibility Agreement, dated as of November 19, 2019 (the "Environmental Responsibility Agreement"), which agreement sets forth the parties' respective liabilities and obligations with respect to environmental matters relating to the Properties. As further described in the Environmental Responsibility Agreement, Circle K will retain liability for known environmental contamination or non-compliance at the Properties, and the Partnership will assume liability for unknown environmental contamination and non-compliance at the Properties.

The terms of the CST Fuel Supply Exchange Agreement were approved by the independent conflicts committee of the Board.

In connection with closing on the CST Fuel Supply Exchange, on March 25, 2020, we entered into a limited consent (the "Consent") to our credit facility, among the Partnership, the lenders from time to time party thereto and Citizens Bank, N.A., as administrative agent. Pursuant to the Consent, the lenders consented to the consummation of the CST Fuel Supply Exchange.

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The fair value of our investment in CST Fuel Supply that was divested and the Assets acquired was \$69.0 million based on a discounted cash flow analysis. We accounted for the divestiture of our investment in CST Fuel Supply under ASC 860, "Transfers and Servicing." We recorded a gain on the divestiture of our investment in CST Fuel Supply of \$67.6 million in the first quarter of 2020, representing the fair value of assets received less the carrying value of the investment exchanged. We have no involvement with CST Fuel Supply subsequent to closing on the CST Fuel Supply Exchange. Additionally, we recorded the following to reflect the acquisition of the Assets (in thousands):

Motor fuel inventory	\$	854
Property and equipment, net		23,590
Right-of-use assets, net		4,168
Intangible assets, net		35,636
Total assets	\$	64,248
Accounts payable	\$	264
Current portion of operating lease obligations		1,129
Operating lease obligations, less current portion		5,479
Asset retirement obligations		1,240
Other long-term liabilities		3,086
Total liabilities	\$	11,198
Net assets acquired	\$	53,050
Cash received from Circle K in lieu of Removed Properties	\$	13,439
Cash received from Circle K related to net liabilities assumed		2,496
Total cash received from Circle K	\$	15,935
Total fair value of assets received in CST Fuel Supply Exchange	\$	68,985

Note 4. RETAIL AND WHOLESALE ACQUISITION

On April 14, 2020, we closed on an asset purchase agreement ("Asset Purchase Agreement") with the sellers ("Sellers") signatories thereto, including certain entities affiliated with Joseph V. Topper, Jr. Pursuant to the Asset Purchase Agreement, we completed the acquisition of the retail operations at 169 sites (154 company operated sites and 15 commission sites), wholesale fuel distribution to 110 sites, including 53 third-party wholesale dealer contracts, and leasehold interests in 62 sites.

The Asset Purchase Agreement provides for an aggregate consideration of \$36 million, exclusive of inventory and in-store cash, with approximately \$21 million paid in cash and 842,891 newly-issued common units valued at \$15 million and calculated based on the volume weighted average trading price of \$17.80 per common unit for the 20-day period ended on January 8, 2020, five business days prior to the announcement of the transaction. The 842,891 common units were issued to entities controlled by Joseph V. Topper, Jr. The cash portion of the purchase consideration is subject to customary post-closing adjustments pending satisfaction of conditions set forth in the Asset Purchase Agreement. The cash portion of the purchase price was financed with borrowings under our credit facility.

In connection with the closing of the transactions contemplated under the Asset Purchase Agreement, we assumed certain contracts with third parties and affiliates necessary for the continued operation of the sites, including agreements with dealers and franchise agreements. Further, we have entered into customary triple-net ten-year master leases with certain affiliates of the Topper Group, with an aggregate annual rent of \$8.1 million payable by the Partnership.

In connection with the consummation of the transactions contemplated by the Asset Purchase Agreement, our contracts with one of the Sellers, DMS, were terminated and DMS is no longer a customer or lessee of the Partnership.

In addition, the parties performed Phase I environmental site assessments with respect to certain sites. The Sellers agreed to retain liability for known environmental contamination or non-compliance at certain sites, and the Partnership agreed to assume liability for unknown environmental contamination and non-compliance at certain sites.

Further, the Asset Purchase Agreement contains customary representations and warranties of the parties as well as indemnification obligations by Sellers and the Partnership, respectively, to each other. The indemnification obligations must be asserted within 18 months of the closing and are limited to an aggregate of \$7.2 million for each party.

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The terms of the Asset Purchase Agreement were approved by the independent conflicts committee of the Board.

Note 5. ASSETS HELD FOR SALE

We have classified 35 sites and 24 sites as held for sale at March 31, 2020 and December 31, 2019, respectively, which are expected to be sold within one year of such classification. Assets held for sale were as follows (in thousands):

	March 31, 2020	December 31, 2019
Land	\$ 12,372	\$ 10,082
Buildings and site improvements	5,360	5,178
Equipment	1,653	1,383
Total	19,385	16,643
Less accumulated depreciation	(3,054)	(3,412)
Assets held for sale	<u>\$ 16,331</u>	<u>\$ 13,231</u>

During the first quarter of 2020, we sold six properties for \$5.0 million of proceeds, resulting in a gain of \$1.6 million.

The increase in the number of sites classified as assets held for sale is related to our ongoing real estate rationalization effort.

Note 6. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in thousands):

	March 31, 2020	December 31, 2019
Land	\$ 261,404	\$ 257,131
Buildings and site improvements	297,326	296,411
Leasehold improvements	9,484	9,350
Equipment	202,220	194,997
Construction in progress	5,700	4,638
Property and equipment, at cost	776,134	762,527
Accumulated depreciation and amortization	(201,550)	(196,611)
Property and equipment, net	<u>\$ 574,584</u>	<u>\$ 565,916</u>

We recorded an impairment charge of \$5.2 million during the three months ended March 31, 2020, included within depreciation, amortization and accretion expenses on the statement of operations.

See Notes 2 and 3 for information related to the closing of the Third Asset Exchange and the CST Fuel Supply Exchange.

Note 7. INTANGIBLE ASSETS

Intangible assets consisted of the following (in thousands):

	March 31, 2020			December 31, 2019		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Wholesale fuel supply contracts/rights	\$ 161,451	\$ (82,391)	\$ 79,060	\$ 124,479	\$ (79,791)	\$ 44,688
Trademarks	1,078	(1,078)	—	1,078	(1,072)	6
Covenant not to compete	4,552	(4,281)	271	4,552	(4,250)	302
Total intangible assets	<u>\$ 167,081</u>	<u>\$ (87,750)</u>	<u>\$ 79,331</u>	<u>\$ 130,109</u>	<u>\$ (85,113)</u>	<u>\$ 44,996</u>

See Notes 2 and 3 for information related to the closing of the Third Asset Exchange and the CST Fuel Supply Exchange.

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8. DEBT

Our balances for long-term debt and finance lease obligations are as follows (in thousands):

	March 31, 2020	December 31, 2019
Revolving credit facility	\$ 511,500	\$ 519,000
Finance lease obligations	22,035	22,630
Total debt and finance lease obligations	533,535	541,630
Current portion	2,515	2,471
Noncurrent portion	531,020	539,159
Deferred financing costs, net	4,039	4,300
Noncurrent portion, net of deferred financing costs	\$ 526,981	\$ 534,859

Our revolving credit facility is secured by substantially all of our assets. Letters of credit outstanding at March 31, 2020 and December 31, 2019 totaled \$5.4 million. The amount of availability under the credit facility at March 31, 2020, after taking into consideration debt covenant restrictions, was \$163.6 million.

Financial Covenants and Interest Rate

The credit facility contains certain financial covenants. We are required to maintain a consolidated leverage ratio for the most recently completed four fiscal quarters of 4.75 to 1.00. Such threshold is increased to 5.50 to 1.00 for the quarter during a specified acquisition period (as defined in the credit facility). Upon the occurrence of a qualified note offering (as defined in the credit facility), the consolidated leverage ratio when not in a specified acquisition period is increased to 5.25 to 1.00, while the specified acquisition period threshold remains 5.50 to 1.00. Upon the occurrence of a qualified note offering, we are also required to maintain a consolidated senior secured leverage ratio (as defined in the credit facility) for the most recently completed four fiscal quarter period of not greater than 3.75 to 1.00. Such threshold is increased to 4.00 to 1.00 for the quarter during a specified acquisition period. We are also required to maintain a consolidated interest coverage ratio (as defined in the credit facility) of at least 2.50 to 1.00. As of March 31, 2020, we were in compliance with these financial covenants.

Our borrowings under the revolving credit facility had a weighted-average interest rate of 3.34% as of March 31, 2020 (LIBOR plus an applicable margin, which was 2.25% as of March 31, 2020).

See Note 9 for information related to entering into interest rate swap contracts.

Note 9. INTEREST RATE SWAP CONTRACTS

On March 26, 2020, we entered into an interest rate swap contract to hedge against interest rate volatility on our variable rate borrowings under the credit facility. The interest payments on our credit facility vary based on monthly changes in the one-month LIBOR and changes, if any, in the applicable margin, which is based on our leverage ratio as further discussed in Note 8. The interest rate swap contract has a notional amount of \$150 million, a fixed rate of 0.495% and matures on April 1, 2024. This interest rate swap contract has been designated as a cash flow hedge and is expected to be highly effective.

The fair value of this interest rate swap contract, which is included in accrued expenses and other current liabilities and other long-term liabilities, totaled \$0.8 million at March 31, 2020. See Note 12 for additional information on the fair value of the interest rate swap contract.

We report the unrealized gains and losses on our interest rate swap contract designated as a highly effective cash flow hedge as a component of other comprehensive income and reclassify such gains and losses into earnings in the same period during which the hedged interest expense is recorded. Net realized gains and losses from settlements of the interest rate swap contract were insignificant for the three months ended March 31, 2020.

We currently estimate that a loss of \$0.3 million will be reclassified from accumulated other comprehensive loss into interest expense during the next 12 months; however, the actual amount that will be reclassified will vary based on changes in interest rates.

On April 15, 2020, we entered into two additional interest rate swap contracts, each with notional amounts of \$75 million, a fixed rate of 0.38% and that mature on April 1, 2024. These interest rate swap contracts have also been designated as cash flow hedges and are expected to be highly effective.

Note 10. RELATED-PARTY TRANSACTIONS

Transactions with Affiliates of Members of the Board

Wholesale Motor Fuel Sales and Real Estate Rentals

Revenues from motor fuel sales and rental income from DMS were as follows (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Revenues from motor fuel sales to DMS	\$ 22,109	\$ 34,120
Rental income from DMS	1,213	1,946

Accounts receivable from DMS totaled \$1.1 million and \$4.1 million at March 31, 2020 and December 31, 2019, respectively.

In March 2019, we entered into an amendment of the master lease and master fuel supply agreements with DMS. These amendments included the following provisions:

- DMS severed 17 sites from the master lease. Since April 1, 2019, DMS has not been charged rent on these sites. We transitioned substantially all of these sites to other dealers by June 30, 2019.
- Rental income from DMS for the remainder of the lease term was reduced effective April 1, 2019 by \$0.5 million annually.
- The markup charged on fuel deliveries to the remaining 85 DMS sites covered by the master fuel supply agreement was reduced effective April 1, 2019 by \$0.01 per gallon and by an additional \$0.005 per gallon effective January 1, 2020.

DMS severed 12 sites in January 2020 from the master lease and master fuel supply agreements.

See Note 4 regarding the termination of the master lease and master fuel supply agreements with DMS in connection with the acquisition of retail and wholesale assets that closed April 14, 2020.

Revenues from rental income from TopStar, an entity affiliated with Joseph V. Topper, Jr., were \$0.1 million for the three months ended March 31, 2020 and were insignificant for the three months ended March 31, 2019.

CrossAmerica leases real estate from the Topper Group. Rent expense under these lease agreements was \$0.3 million for the three months ended March 31, 2020 and 2019.

Topper Group Omnibus Agreement

On January 15, 2020, the Partnership entered into an Omnibus Agreement, effective as of January 1, 2020 (the "Topper Group Omnibus Agreement"), among the Partnership, the General Partner and DMI. The terms of the Topper Group Omnibus Agreement were approved by the conflicts committee of the Board, which is composed of the independent directors of the Board.

Pursuant to the Topper Group Omnibus Agreement, DMI has agreed, among other things, to provide, or cause to be provided, to the General Partner for the benefit of the Partnership, at cost without markup, certain management, administrative and operating services, which services were previously provided by Circle K under the Transitional Omnibus Agreement, dated as of November 19, 2019, among the Partnership, the General Partner and Circle K.

The Topper Group Omnibus Agreement will continue in effect until terminated in accordance with its terms. The Topper Group has the right to terminate the Topper Group Omnibus Agreement at any time upon 180 days' prior written notice, and the General Partner has the right to terminate the Topper Group Omnibus Agreement at any time upon 60 days' prior written notice.

We incurred expenses under the Topper Group Omnibus Agreement totaling \$3.5 million for the three months ended March 31, 2020. Such expenses are included in operating expenses and general and administrative expenses in the statement of operations. Amounts payable to the Topper Group related to expenses incurred by the Topper Group on our behalf in accordance with the Topper Group Omnibus Agreement totaled \$0.6 million at March 31, 2020.

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

IDR and Common Unit Distributions

We distributed \$0.1 million to the Topper Group related to its ownership of our IDRs and \$7.9 million related to its ownership of our common units during the three months ended March 31, 2020, respectively. See Note 15 for information regarding the elimination of the IDRs.

Maintenance and Environmental Costs

Certain maintenance and environmental monitoring and remediation activities are performed by an entity affiliated with Joseph V. Topper, Jr., a member of the Board, as approved by the independent conflicts committee of the Board. We incurred charges with this related party of \$0.1 million and \$0.4 million for the three months ended March 31, 2020 and 2019, respectively. Accounts payable to this related party amounted to \$0.2 million and \$0.1 million at March 31, 2020 and December 31, 2019, respectively.

Principal Executive Offices

Our principal executive offices are in Allentown, Pennsylvania. We sublease office space from the Topper Group that the Topper Group leases from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of our Board. Rent expense amounted to \$0.2 million for the three months ended March 31, 2020 and 2019.

Public Relations and Website Consulting Services

We have engaged a company affiliated with a member of the Board, for public relations and website consulting services. The cost of these services was insignificant for the three months ended March 31, 2020 and 2019.

Transactions with Circle K

As a result of the GP Purchase, Circle K is no longer a related party from November 19, 2019 forward. However, for comparability purposes, we have disclosed balance sheet disclosures as of March 31, 2020 and December 31, 2019 and income statement amounts for transactions with Circle K for the three months ended March 31, 2020 and 2019.

Fuel Sales and Rental Income

We sell wholesale motor fuel under a master fuel distribution agreement to 46 Circle K retail sites and lease real property on 40 retail sites to Circle K under a master lease agreement, each having initial 10-year terms. The master fuel distribution agreement provides us with a fixed wholesale mark-up per gallon. The master lease agreement is a triple net lease.

Revenues from wholesale fuel sales and real property rental income from Circle K were as follows (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Revenues from motor fuel sales to Circle K	\$ 29,224	\$ 33,315
Rental income from Circle K	2,669	4,198

Accounts receivable from Circle K for fuel amounted to \$1.1 million and \$3.1 million at March 31, 2020 and December 31, 2019, respectively.

CST Fuel Supply Equity Interests

CST Fuel Supply provides wholesale motor fuel distribution to the majority of CST's legacy U.S. retail sites at cost plus a fixed markup per gallon. From July 1, 2015 through the closing of the CST Fuel Supply Exchange, we owned a 17.5% total interest in CST Fuel Supply. We accounted for the income derived from our equity interest of CST Fuel Supply as "Income from CST Fuel Supply equity interests" on our statement of operations, which amounted to \$3.2 million and \$3.4 million for the three months ended March 31, 2020 and 2019, respectively.

See Note 3 for information regarding the CST Fuel Supply Exchange.

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CST Fuel Supply purchases gasoline for immediate distribution to specified retail locations through a supply contract with Valero. Fuel purchases are priced at the prevailing daily rack rates at terminals serving the specified locations. Revenues of CST Fuel Supply represent a \$0.05 fixed markup on cost of gallons purchased. As a result of the pass-through nature of the fuel supply operations of CST Fuel Supply, we have presented supplemental income statement information beginning with gross profit as the most meaningful measure relevant to users. CST Fuel Supply does not enter into any other transactions beyond the purchase and resale activities described above. Supplemental income statement information for CST Fuel Supply was as follows (in thousands):

	Period from January 1 through March 25, 2020	Three Months Ended March 31, 2019
Gross profit	\$ 17,820	\$ 21,013
Net income	17,476	20,604

Purchase of Fuel from Circle K

We purchase the fuel supplied to the following sets of sites from Circle K:

- retail sites acquired in the Jet-Pep Assets acquisition;
- Franchised Holiday Stores in the Upper Midwest (we no longer pay a franchise fee to Circle K due to the dealerization of these sites in the third quarter of 2019; however, for the three months ended March 31, 2019, such franchise fees were \$0.4 million);
- retail sites in which we have a leasehold interest that we acquired from Circle K in March and May of 2018;
- retail sites acquired from CST in February 2015;
- retail sites acquired from Circle K in the asset exchange transactions; and
- certain other retail sites at which we are evaluating our fuel supply options.

In total, we purchased \$36.8 million and \$37.4 million of motor fuel from Circle K for the three months ended March 31, 2020 and 2019, respectively.

Effective February 1, 2018, Couche-Tard began renegotiating fuel carrier agreements, including our wholesale transportation agreements, with third party carriers. The independent conflicts committee of our Board approved an amendment to the Circle K Omnibus Agreement effective February 1, 2018 providing for the payment by us to an affiliate of Couche-Tard of a commission based on the volume purchased by us on the renegotiated wholesale transportation contracts. This commission is to compensate such affiliate of Couche-Tard for its services in connection with the renegotiations of our fuel carrier agreements with third party carriers, which resulted in overall reductions in transportation costs to us. This commission was insignificant for the three months ended March 31, 2020 and was \$0.2 million for the three months ended March 31, 2019.

Amounts payable to Circle K related to these fuel purchases and freight commissions totaled \$2.0 million and \$4.7 million at March 31, 2020 and December 31, 2019, respectively.

Transitional Omnibus Agreement, Circle K Omnibus Agreement and Management Fees

Upon the closing of the GP Purchase, the Partnership entered into a Transitional Omnibus Agreement, dated as of November 19, 2019 (the “Transitional Omnibus Agreement”), among the Partnership, the General Partner and Circle K. Pursuant to the Transitional Omnibus Agreement, Circle K agreed, among other things, to continue to provide, or cause to be provided, to the Partnership certain management, administrative and operating services, as provided under the Circle K Omnibus Agreement through June 30, 2020 with respect to certain services, unless earlier terminated or unless the parties extend the term of certain services.

We incurred expenses under the Transitional Omnibus Agreement and Circle K Omnibus Agreement, including incentive compensation costs and non-cash stock-based compensation expense, totaling \$2.9 million for the three months ended March 31, 2019. Such expenses are included in operating expenses and general and administrative expenses in the statement of operations.

Amounts payable to Circle K related to expenses incurred by Circle K on our behalf in accordance with the Transitional Omnibus Agreement totaled \$8.6 million and \$11.5 million at March 31, 2020 and December 31, 2019, respectively. The liability balance at March 31, 2020 and December 31, 2019 includes omnibus charges that will be paid in equal quarterly payments through December 31, 2021. As such, \$3.5 million and \$4.6 million is classified within other noncurrent liabilities at March 31, 2020 and December 31, 2019, respectively.

In addition, from January 1, 2020 until the closing of the CST Fuel Supply Exchange, the General Partner will provide Circle K with certain administrative and operational services, on the terms and conditions set forth in the Transitional Omnibus Agreement. We recorded \$0.5 million of income from such services as a reduction of operating expenses on our statement of operations for the period from January 1, 2020 through the closing of the CST Fuel Supply Exchange.

IDR and Common Unit Distributions

We distributed \$0.1 million to Circle K related to its ownership of our IDRs and \$3.9 million related to its ownership of our common units during the three months ended March 31, 2019, respectively.

Note 11. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

We have minimum volume purchase requirements under certain of our fuel supply agreements with a purchase price at prevailing market rates for wholesale distribution. In the event we fail to purchase the required minimum volume for a given contract year, the underlying third party's exclusive remedies (depending on the magnitude of the failure) are either termination of the supply agreement and/or a financial penalty per gallon based on the volume shortfall for the given year. We did not incur any significant penalties during the three months ended March 31, 2020 or 2019.

Litigation Matters

We are from time to time party to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damages, environmental damages, employment-related claims and damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims and proceedings, we record an accrual when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In addition, we disclose matters for which management believes a material loss is at least reasonably possible. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on our consolidated financial position, results of operations or cash flows. In all instances, management has assessed the matter based on current information and made a judgment concerning its potential outcome, giving due consideration to the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may prove materially inaccurate, and such judgment is made subject to the known uncertainties of litigation.

As part of Circle K's acquisition of Holiday Stationstores, LLC, the FTC issued a decree in which nine sites were required to be divested. These sites were divested in September 2018, after the June 15, 2018 deadline specified in the FTC orders. As a result, Couche-Tard and/or the Partnership may be subject to civil penalties, up to a maximum allowed by law of \$41,000 per day per violation of the FTC divestiture orders. Circle K has agreed to indemnify us for any such penalties and associated legal costs and as such, we have not accrued any liability.

Environmental Matters

We currently own or lease retail sites where refined petroleum products are being or have been handled. These retail sites and the refined petroleum products handled thereon may be subject to federal and state environmental laws and regulations. Under such laws and regulations, we could be required to remove or remediate containerized hazardous liquids or associated generated wastes (including wastes disposed of or abandoned by prior owners or operators), to remediate contaminated property arising from the release of liquids or wastes into the environment, including contaminated groundwater, or to implement best management practices to prevent future contamination.

We maintain insurance of various types with varying levels of coverage that is considered adequate under the circumstances to cover operations and properties. The insurance policies are subject to deductibles that are considered reasonable and not excessive. In addition, we have entered into indemnification and escrow agreements with various sellers in conjunction with several of their respective acquisitions, as further described below. Financial responsibility for environmental remediation is negotiated in connection with each acquisition transaction. In each case, an assessment is made of potential environmental liability exposure based on available information. Based on that assessment and relevant economic and risk factors, a determination is made whether to, and the extent to which we will, assume liability for existing environmental conditions.

Environmental liabilities recorded on the balance sheet within accrued expenses and other current liabilities and other long-term liabilities totaled \$4.1 million and \$3.4 million at March 31, 2020 and December 31, 2019, respectively. Indemnification assets related to third-party escrow funds, state funds or insurance recorded on the balance sheet within other current assets and other noncurrent assets totaled \$3.6 million and \$3.0 million at March 31, 2020 and December 31, 2019, respectively. State funds represent probable state reimbursement amounts. Reimbursement will depend upon the continued maintenance and solvency of the state. Insurance coverage represents amounts deemed probable of reimbursement under insurance policies.

The estimates used in these loss accruals are based on all known facts at the time and an assessment of the ultimate remedial action outcomes. We will adjust loss accruals as further information becomes available or circumstances change. Among the many uncertainties that impact the estimates are the necessary regulatory approvals for, and potential modifications of remediation plans, the amount of data available upon initial assessment of the impact of soil or water contamination, changes in costs associated with environmental remediation services and equipment and the possibility of existing legal claims giving rise to additional claims.

Environmental liabilities related to the sites contributed to the Partnership in connection with our IPO have not been assigned to us and are still the responsibility of the Predecessor Entity. Under the Circle K Omnibus Agreement, the Predecessor Entity must indemnify us for any costs or expenses that we incur for environmental liabilities and third-party claims, regardless of when a claim is made, that are based on environmental conditions in existence prior to the closing of the IPO for contributed sites. Such indemnification survives the termination of the Circle K Omnibus Agreement. As such, these environmental liabilities and indemnification assets are not recorded on the balance sheet of the Partnership.

Similarly, Circle K has indemnified us with respect to known contamination at the sites it has transferred to us under the Asset Exchange Agreement and CST Fuel Supply Exchange Agreement. As such, these environmental liabilities and indemnification assets are not recorded on the balance sheet of the Partnership.

Note 12. FAIR VALUE MEASUREMENTS

We measure and report certain financial and non-financial assets and liabilities on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). U.S. GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation.

Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfers occurred. There were no transfers between any levels in 2020 or 2019.

As further discussed in Note 9, in March 2020, we entered into an interest rate swap contract. We used an income approach to measure the fair value of this contract, utilizing a forward LIBOR yield curve for the same period as the future interest rate swap settlements. These fair value measurements are classified as Level 2.

As further discussed in Note 13, we have accrued for unvested phantom units and phantom performance units as a liability and adjust that liability on a recurring basis based on the market price of our common units each balance sheet date. These fair value measurements are classified as Level 1.

The fair value of our accounts receivable, notes receivable, and accounts payable approximated their carrying values as of March 31, 2020 and December 31, 2019 due to the short-term maturity of these instruments. The fair value of the revolving credit facility approximated its carrying values of \$511.5 million as of March 31, 2020 and \$519.0 million as of December 31, 2019, due to the frequency with which interest rates are reset and the consistency of the market spread.

Note 13. EQUITY-BASED COMPENSATION

Partnership Equity-Based Awards

There was no new CrossAmerica equity-based award activity for the three months ended March 31, 2020.

CrossAmerica equity-based compensation expense was insignificant and \$0.1 million for the three months ended March 31, 2020 and 2019, respectively. The liability for CrossAmerica equity-based awards was insignificant for both March 31, 2020 and December 31, 2019.

CST Equity-Based Awards

Equity-based compensation expense for CST equity-based awards charged to us under the Transitional Omnibus Agreement and the Circle K Omnibus Agreement was insignificant for the three months ended March 31, 2020 and \$0.1 million for the three months ended March 31, 2019.

Note 14. INCOME TAXES

As a limited partnership, we are not subject to federal and state income taxes. However, our corporate subsidiaries are subject to income taxes. Income tax attributable to our taxable income (including any dividend income from our corporate subsidiaries), which may differ significantly from income for financial statement purposes, is assessed at the individual limited partner unitholder level. We are subject to a statutory requirement that non-qualifying income, as defined by the Internal Revenue Code, cannot exceed 10% of total gross income for the calendar year. If non-qualifying income exceeds this statutory limit, we would be taxed as a corporation. The non-qualifying income did not exceed the statutory limit in any period presented.

Certain activities that generate non-qualifying income are conducted through our wholly owned taxable corporate subsidiary, LGWS. Current and deferred income taxes are recognized on the earnings of LGWS. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed on March 27, 2020, which establishes a five-year carryback of net operating losses (NOLs) generated in 2018, 2019 and 2020 and temporarily suspends the 80% limitation on the use of NOLs in 2018, 2019 and 2020. The CARES Act also increases the adjusted taxable income limitation from 30% to 50% for business interest deductions under IRC Section 163(j) for 2019 and 2020. The CARES Act did not have a material impact on our financial statements for the first quarter of 2020, although we continue to assess its implications.

We recorded an insignificant income tax benefit and income tax expense of \$0.1 million for the three months ended March 31, 2020 and 2019, respectively, as a result of the income/losses generated by our corporate subsidiaries. The effective tax rate differs from the combined federal and state statutory rate primarily because only LGWS is subject to income tax.

Note 15. NET INCOME PER LIMITED PARTNER UNIT

In addition to the common units, we have identified the IDRs as participating securities and compute income per unit using the two-class method under which any excess of distributions declared over net income shall be allocated to the partners based on their respective sharing of income as specified in the Partnership Agreement. Net income per unit applicable to limited partners is computed by dividing the limited partners' interest in net income, after deducting the IDRs, by the weighted-average number of outstanding common units.

Since February 6, 2020, our common units are the only participating securities. See "Equity Restructuring" below for additional information.

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table provides a reconciliation of net income and weighted-average units used in computing basic and diluted net income per limited partner unit for the following periods (in thousands, except unit and per unit amounts):

	Three Months Ended March 31,	
	2020	2019
Numerator:		
Distributions paid	\$ 18,111	\$ 18,099
Allocation of distributions in excess of net income	53,817	(18,020)
Limited partners' interest in net income - basic and diluted	<u>\$ 71,928</u>	<u>\$ 79</u>
Denominator:		
Weighted-average limited partnership units outstanding - basic	35,994,972	34,444,113
Adjustment for phantom and phantom performance units	961	12,352
Weighted-average limited partnership units outstanding - diluted	<u>35,995,933</u>	<u>34,456,465</u>
Net income per limited partnership unit - basic and diluted	<u>\$ 2.00</u>	<u>\$ 0.00</u>
Distributions paid per common unit	\$ 0.5250	\$ 0.5250
Distributions declared (with respect to each respective period) per common unit	\$ 0.5250	\$ 0.5250

Distributions

Distribution activity for 2020 is as follows:

<u>Quarter Ended</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Cash Distribution (per unit)</u>	<u>Cash Distribution (in thousands)</u>
December 31, 2019	February 3, 2020	February 10, 2020	\$ 0.5250	\$ 18,111
March 31, 2020	May 5, 2020	May 12, 2020	0.5250	19,881

The amount of any distribution is subject to the discretion of the Board, which may modify or revoke our cash distribution policy at any time. Our Partnership Agreement does not require us to pay any distributions. As such, there can be no assurance we will continue to pay distributions in the future.

Equity Restructuring

On January 15, 2020, the Partnership entered into an Equity Restructuring Agreement (the "Equity Restructuring Agreement") with the General Partner and Dunne Manning CAP Holdings II LLC ("DM CAP Holdings"), a wholly owned subsidiary of DMP.

Pursuant to the Equity Restructuring Agreement, all of the outstanding IDRs of the Partnership, all of which were held by DM CAP Holdings, were cancelled and converted into 2,528,673 newly-issued common units representing limited partner interests in the Partnership based on a value of \$45 million and calculated using the volume weighted average trading price of \$17.80 per common unit for the 20-day period ended on January 8, 2020, five business days prior to the execution of the Equity Restructuring Agreement (the "20-day VWAP").

This transaction closed on February 6, 2020, after the record date for the distribution payable on the Partnership's common units with respect to the fourth quarter of 2019.

Simultaneously with the closing of the equity restructuring, the General Partner executed and delivered the Second Amended and Restated Agreement of Limited Partnership of the Partnership (the "Second Amended and Restated Partnership Agreement") to give effect to the Equity Restructuring Agreement.

The Second Amended and Restated Partnership Agreement amended and restated the First Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of October 30, 2012, as amended, in its entirety to, among other items, (i) reflect the cancellation of the IDRs and (ii) eliminate certain legacy provisions that no longer apply, including provisions related to the IDRs and subordinated units of the Partnership that were formerly outstanding.

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The terms of the Equity Restructuring Agreement were approved by the independent conflicts committee of the Board.

Note 16. SEGMENT REPORTING

We conduct our business in two segments: 1) the Wholesale segment and 2) the Retail segment. The Wholesale segment includes the wholesale distribution of motor fuel to lessee dealers, independent dealers, commission agents, DMS, Circle K and through September 2019, company operated retail sites. We have exclusive motor fuel distribution contracts with lessee dealers who lease the property from us. We also have exclusive distribution contracts with independent dealers to distribute motor fuel but do not collect rent from the independent dealers. Similar to lessee dealers, we have motor fuel distribution agreements with DMS and Circle K and collect rent from both. The Retail segment includes the retail sale of motor fuel at retail sites operated by commission agents and through September 2019, the sale of convenience merchandise items and the retail sale of motor fuel at company operated sites. A commission agent is a retail site where we retain title to the motor fuel inventory and sell it directly to our end user customers. At commission agent retail sites, we manage motor fuel inventory pricing and retain the gross profit on motor fuel sales, less a commission to the agent who operates the retail site. Similar to our Wholesale segment, we also generate revenues through leasing or subleasing real estate in our Retail segment.

Unallocated items consist primarily of general and administrative expenses, depreciation, amortization and accretion expense, gains on dispositions and lease terminations, net, and the elimination of the Retail segment's intersegment cost of revenues from motor fuel sales against the Wholesale segment's intersegment revenues from motor fuel sales. The profit in ending inventory generated by the intersegment motor fuel sales is also eliminated. Total assets by segment are not presented as management does not currently assess performance or allocate resources based on that data.

The following table reflects activity related to our reportable segments (in thousands):

	<u>Wholesale</u>	<u>Retail</u>	<u>Unallocated</u>	<u>Consolidated</u>
Three Months Ended March 31, 2020				
Revenues from fuel sales to external customers	\$ 302,123	\$ 65,769	\$ —	\$ 367,892
Intersegment revenues from fuel sales	47,906	—	(47,906)	—
Rent income	20,468	2,220	—	22,688
Other revenue	1,115	—	—	1,115
Total revenues	\$ 371,612	\$ 67,989	\$ (47,906)	\$ 391,695
Income from CST Fuel Supply equity interests	\$ 3,202	\$ —	\$ —	\$ 3,202
Operating income	\$ 29,265	\$ 395	\$ 47,772	\$ 77,432
Three Months Ended March 31, 2019				
Revenues from fuel sales to external customers	\$ 329,913	\$ 99,600	\$ —	\$ 429,513
Intersegment revenues from fuel sales	75,881	—	(75,881)	—
Revenues from food and merchandise sales	—	20,016	—	20,016
Rent income	19,636	2,002	—	21,638
Other revenue	619	—	—	619
Total revenues	\$ 426,049	\$ 121,618	\$ (75,881)	\$ 471,786
Income from CST Fuel Supply equity interests	\$ 3,426	\$ —	\$ —	\$ 3,426
Operating income (loss)	\$ 24,288	\$ 608	\$ (17,284)	\$ 7,612

From the dealerization of the 46 company operated sites in the third quarter of 2019 through March 31, 2020, we did not have any company operated sites. See Note 4 for information related to the acquisition of retail and wholesale assets.

Receivables relating to the revenue streams above are as follows (in thousands):

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
Receivables from fuel and merchandise sales	\$ 21,037	\$ 33,032
Receivables for rent and other lease-related charges	8,686	9,318
Total accounts receivable	\$ 29,723	\$ 42,350

CROSSAMERICA PARTNERS LP
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Performance obligations are satisfied as fuel is delivered to the customer. Many of our contracts with our customers include minimum purchase volumes measured on a monthly basis, although such revenue is not material. Receivables from fuel are recognized on a per-gallon rate and are generally collected within 10 days of delivery.

The balance of unamortized costs incurred to obtain certain contracts with customers was \$6.7 million and \$6.5 million at March 31, 2020 and December 31, 2019, respectively. Amortization of such costs is recorded against operating revenues and amounted to \$0.3 million for the three months ended March 31, 2020 and \$0.2 million for the three months ended March 31, 2019.

Receivables from rent and other lease-related charges are generally collected at the beginning of the month.

Note 17. SUPPLEMENTAL CASH FLOW INFORMATION

In order to determine net cash provided by operating activities, net income is adjusted by, among other things, changes in operating assets and liabilities as follows (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Decrease (increase):		
Accounts receivable	\$ 9,238	\$ (3,077)
Accounts receivable from related parties	2,612	(2,933)
Inventories	1,840	(987)
Other current assets	479	848
Other assets	(423)	(519)
Increase (decrease):		
Accounts payable	(10,498)	2,838
Accounts payable to related parties	482	1,416
Motor fuel taxes payable	(2,402)	117
Accrued expenses and other current liabilities	(1,570)	(590)
Other long-term liabilities	(568)	678
Changes in operating assets and liabilities, net of acquisitions	<u>\$ (810)</u>	<u>\$ (2,209)</u>

The above changes in operating assets and liabilities may differ from changes between amounts reflected in the applicable balance sheets for the respective periods due to acquisitions.

Supplemental disclosure of cash flow information (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash paid for interest	\$ 5,330	\$ 6,406
Cash paid for income taxes, net of refunds received	(5)	135

Supplemental schedule of non-cash investing and financing activities (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Lease liability arising from obtaining right-of-use assets	\$ 7,351	\$ —

Note 18. SEPARATION BENEFITS

We dealerized the remaining 46 company operated sites in the third quarter of 2019. As a result of communicating a plan to exit the company operated business, we recorded separation benefit costs totaling \$0.4 million in the first quarter of 2019, which was paid during the first quarter of 2020.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We refer you to Item 4 in our Form 10-Q, in which we concluded our disclosure controls and procedures were effective as of March 31, 2020. In light of the supplemental financial information omitted from the Form 10-Q and included in this Amendment (as further described below), we have reassessed our conclusion with respect to the effectiveness of our disclosure controls and procedures.

Our management has re-evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of March 31, 2020 for the reasons described below.

From July 1, 2015 through the closing of the CST Fuel Supply Exchange on March 25, 2020, we owned a 17.5% total interest in CST Fuel Supply. Pursuant to Rule 3-09 of Regulation S-X, audited financial statements of CST Fuel Supply were required to be included in our Annual Reports on Form 10-K if our equity interest exceeded certain significance thresholds under Rule 1-02(w) of Regulation S-X. Despite CST Fuel Supply having exceeded a relevant significance threshold under Rule 1-02(w), we failed to include audited financial statements of CST Fuel Supply in our Annual Reports on Form 10-K for 2017, 2018 and 2019.

Additionally, pursuant to Rules 4-08(g) and 10-01(b)(1) of Regulation S-X, certain summarized financial information related to CST Fuel Supply was required to be included in Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q if our equity interest exceeded certain significance thresholds under Rule 1-02(w). Although we provided disclosure of the volume of motor fuel purchased by CST Fuel Supply on an annual basis, the \$0.05 markup per gallon CST Fuel Supply generated on its sale of fuel to CST's U.S. retail stores and our 17.5% interest in CST Fuel Supply's net earnings, which enabled users of our financial statements to recompute the equity income reflected in our statements of operations and cash flows, we failed to include all summarized financial information required in accordance with Rules 4-08(g) and 10-01(b)(1) in our annual and interim financial statements included in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q for 2017, 2018 and 2019, despite having exceeded relevant significance thresholds under Rule 1-02(w).

We are amending certain periodic reports to provide available financial information related to CST Fuel Supply. The inclusion of this summarized financial information of CST Fuel Supply in these amended filings has no impact or effect on our consolidated financial condition or results of operations.

We have implemented procedures to enhance our review of regulatory requirements and checklists for future transactions and filings. We believe these actions will be sufficient to remediate the deficiency in our disclosure controls and procedures.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three months ended March 31, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
31.1 *	Certification of Principal Executive Officer of CrossAmerica GP LLC as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
31.2 *	Certification of Principal Financial Officer of CrossAmerica GP LLC as required by Rule 13a-14(a) of the Securities Exchange Act of 1934
32.1*†	Certification of Principal Executive Officer of CrossAmerica GP LLC pursuant to 18 U.S.C. §1350
32.2*†	Certification of Principal Financial Officer of CrossAmerica GP LLC pursuant to 18 U.S.C. §1350
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

† Not considered to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

SIGNATURE

Pursuant to the requirements 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.

CROSSAMERICA PARTNERS LP

By: CROSSAMERICA GP LLC, its General Partner

By: /s/ Charles M. Nifong, Jr.
Charles M. Nifong, Jr.
President and Chief Executive Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Date: January 21, 2021

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles M. Nifong, Jr, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of CrossAmerica Partners LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 21, 2021

/s/ Charles M. Nifong, Jr.

Charles M. Nifong, Jr.

President and Chief Executive Officer

CrossAmerica GP LLC

(as General Partner of CrossAmerica Partners LP)

**CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Eric M. Javidi, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of CrossAmerica Partners LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 21, 2021

/s/ Eric M. Javidi

Eric M. Javidi
Chief Financial Officer
CrossAmerica GP LLC
(as General Partner of CrossAmerica Partners LP)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q/A of CrossAmerica Partners LP (the "Partnership") for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles M. Nifong, Jr., President and Chief Executive Officer of CrossAmerica GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: January 21, 2021

/s/ Charles M. Nifong, Jr.

Charles M. Nifong, Jr.

President and Chief Executive Officer

CrossAmerica GP LLC

(as General Partner of CrossAmerica Partners LP)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1964, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report on Form 10-Q/A of CrossAmerica Partners LP (the "Partnership") for the quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric M. Javidi, Chief Financial Officer of CrossAmerica GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: January 21, 2021

/s/ Eric M. Javidi

Eric M. Javidi

Chief Financial Officer

CrossAmerica GP LLC

(as General Partner of CrossAmerica Partners LP)

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1964, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.