

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

(Mark One)

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

For the fiscal year ended December 31, 2019

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)

45-4165414

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

18101

(Zip Code)

600 Hamilton Street, Suite 500
Allentown, PA

(Address of Principal Executive Offices)

(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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 Accelerated filer Non-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

The aggregate market value of our common units based on the closing price on the New York Stock Exchange on June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, held by non-affiliates of the registrant was approximately \$309.0 million.

As of February 21, 2020, the registrant had outstanding 37,023,114 common units.

Documents Incorporated by Reference: None.

EXPLANATORY NOTE

CrossAmerica Partners LP (“CrossAmerica,” the “Partnership,” “we,” “us” or “our”) is filing this Amendment No. 1 on Form 10-K/A (this “Amendment”) to amend its Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the “Form 10-K”), which was originally filed on February 26, 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-K have been made, except as specified in this explanatory note.

In the Form 10-K, we disclosed the 1.7 billion gallons of motor fuel purchased by CST Fuel Supply during 2019 in Note 2 under “Concentration Risk.” We also disclosed the \$0.05 fixed markup per gallon CST Fuel Supply generated and our limited partner interest of 17.5% in Note 13 under “CST Fuel Supply Equity Interests.” With this information, users can recompute the equity income from CST Fuel Supply presented on our statements of operations as well as the cash received from CST Fuel Supply presented in our statements of cash flows by multiplying the volume by the fixed markup per gallon by our limited partner interest. Consistent information was provided for 2018 and 2017.

This Amendment inserts supplemental financial information into Note 13 to the financial statements under the heading “CST Fuel Supply Equity Interests.” Although the Form 10-K included all information to enable users of our financial statements to understand the operations of CST Fuel Supply and to recompute the equity income from CST Fuel Supply presented on our statements of operations as well as the cash received from CST Fuel Supply presented in our statements of cash flows, we are filing this Amendment to also include supplemental financial information for certain periods of 2017, 2018 and 2019 in Note 13 to the financial statements in order to more clearly comply with the requirements of Regulation S-X Rule 4-08(g). 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-K pursuant to Rule 4-08(g) 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 9A. Controls and Procedures.

There are no revisions to management’s report on internal control over financial reporting nor to Grant Thornton LLP’s opinions on the financial statements and internal control over financial reporting, other than the dual-dating of Grant Thornton’s opinion on the financial statements as required by this Amendment to include the supplemental financial information in Note 13 to the financial statements.

This Amendment does not affect any other parts of, or exhibits to, the Form 10-K, and those unaffected parts or exhibits are not included in this Amendment. Except as expressly stated in this Amendment, the Form 10-K continues to speak as of the date of the filing of the Form 10-K, and we have not updated the disclosure contained in this Amendment to reflect events that have occurred since the filing of the Form 10-K. 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-K, including amendments to those filings, if any.

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

PART I

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
LGP Operations LLC	a wholly owned subsidiary of the Partnership
LGW	Lehigh Gas Wholesale LLC
LGPR	LGP Realty Holdings LP
LGWS	Lehigh Gas Wholesale Services, Inc. and subsidiaries

CrossAmerica Partners LP related parties at any point during 2019:

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)
Couche-Tard Board	the Board of Directors of Couche-Tard
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. Since July 1, 2015, we have owned a 17.5% limited partner interest in CST Fuel Supply. See Note 25 to the financial statements for information regarding the exchange of this investment for certain assets owned by Circle K.
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. DMS is an operator of retail motor fuel stations. DMS leases retail sites from us in accordance with a master lease agreement and purchases 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.
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 but does not purchase fuel from us.

Recent Acquisitions:

Nice N Easy Assets	The assets acquired from Nice N Easy Grocery Shoppes in November 2014
Landmark Assets	The assets acquired from Landmark Industries in January 2015
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:

Applegreen	Applegreen plc or one of its subsidiaries
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	Board of Directors of our General Partner
BP	BP p.l.c.
Branded Motor Fuels	Motor fuels that are purchased from major integrated oil companies and refiners under supply agreements. We take legal title to the motor fuel when we receive it at the rack and generally arrange for a third-party transportation provider to take delivery of the motor fuel at the rack and deliver it to the appropriate sites in our network.
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 initial public offering 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 agrees, among other things, to provide, or cause to be provided, to the Partnership certain management services.
CST Fuel Supply Exchange	Exchange Agreement, dated November 19, 2019, between the Partnership and Circle K. Pursuant to the CST Fuel Supply Exchange Agreement, Circle K has agreed to transfer 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 has agreed to transfer to Circle K 100% of the limited partnership units in CST Fuel Supply.
CST Merger	The merger of Ultra Acquisition Corp., a Delaware corporation and an indirect, wholly owned subsidiary of Circle K ("Merger Sub"), with CST, with CST surviving the merger as a wholly owned subsidiary of Circle K, which closed on June 28, 2017. See CST Merger Agreement below.
CST Merger Agreement	CST's Agreement and Plan of Merger entered into on August 21, 2016 with Circle K and Merger Sub. Under and subject to the terms and conditions of the CST Merger Agreement, on June 28, 2017, Merger Sub was merged with and into CST, with CST surviving the CST Merger as a wholly owned subsidiary of Circle K.
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
EICP	The Partnership's Lehigh Gas Partners LP Executive Income Continuity Plan, as amended

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
Getty Lease	In May 2012, the Predecessor Entity, which represents the portion of the business of DMI and its subsidiaries and affiliates contributed to the Partnership in connection with the initial public offering, entered into a 15-year master lease agreement with renewal options of up to an additional 20 years with Getty Realty Corporation.
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 represent the right to receive an increasing percentage of quarterly distributions after the target distribution levels have been achieved, as defined in our Partnership Agreement. As a result of the GP Purchase, DMP owned 100% of the outstanding IDRs from November 19, 2019 through February 6, 2020. See Note 25 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
IRS	Internal Revenue Service
LIBOR	London Interbank Offered Rate
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Motiva	Motiva Enterprises, LLC
NTI	CST's new to industry stores opened after January 1, 2008, which is generally when CST began designing and operating its larger format stores that accommodate broader merchandise categories and food offerings and have more fuel dispensers than its legacy stores
NYSE	New York Stock Exchange
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 25 to the financial statements regarding the elimination of the IDRs, which triggered the need to further amend the Partnership Agreement
Plan	In connection with the IPO, the General Partner adopted the Lehigh Gas Partners LP 2012 Incentive Award Plan, a long-term incentive plan for employees, officers, consultants and directors of the General Partner and any of its affiliates who perform services for the Partnership
Predecessor Entity	Wholesale distribution contracts and real property and leasehold interests contributed to the Partnership in connection with the IPO
Retail site	A general term to refer to convenience stores, including those operated by commission agents, independent dealers, Circle K, DMS or lessee dealers, as well as company operated sites
RIN	Renewable identification number, an identifier used by governmental agencies to track a specific batch of renewable fuel

SEC	U.S. Securities and Exchange Commission
Tax Cuts and Jobs Act	On December 22, 2017, the U.S. government enacted tax legislation formally known as Public Law No. 115-97, commonly referred to as the Tax Cuts and Jobs Act
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 will provide 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
UST	Underground storage tanks
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 II

ITEM 8. FINANCIAL STATEMENTS

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The SEC, as required by Section 404 of the Sarbanes-Oxley Act, adopted rules requiring companies to file reports with the SEC to include a management report on such company's internal control over financial reporting in its Form 10-K. In addition, our independent registered public accounting firm must attest to our internal control over financial reporting.

The management of CrossAmerica is responsible for establishing and maintaining adequate internal control over financial reporting. This internal control system was designed to provide reasonable assurance to the company's management and Board regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. CrossAmerica management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2019. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework, 2013 version. Based on our assessment, we believe that, as of December 31, 2019, the Partnership's internal control over financial reporting is effective based on those criteria.

Attestation Report of the Independent Registered Public Accounting Firm

Grant Thornton LLP, our independent registered public accounting firm, has audited our internal control over financial reporting as of December 31, 2019. Their report dated February 25, 2020, expressed an unqualified opinion on our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors, General Partner and Limited Partners
CrossAmerica Partners LP

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of CrossAmerica Partners LP (a Delaware partnership) and subsidiaries (the “Partnership”) as of December 31, 2019 and 2018, the related consolidated statements of income, equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Partnership’s internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 25, 2020 expressed an unqualified opinion.

Change in accounting principle

As discussed in Note 2 to the consolidated financial statements, the Partnership has changed its method of accounting for leases effective January 1, 2019 due to the adoption of Accounting Standards Codification (ASC) Topic 842 – Leases.

Basis for opinion

These financial statements are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on the Partnership’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Partnership’s auditor since 2011.

Arlington, Virginia

February 25, 2020 (except for the supplemental balance sheet and income statement information for CST Fuel Supply LP for each of the three years in the period ended December 31, 2019 in Note 13, as to which the date is January 21, 2021)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors, General Partner and Limited Partners
CrossAmerica Partners LP

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of CrossAmerica Partners LP (a Delaware partnership) and subsidiaries (the “Partnership”) as of December 31, 2019, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Partnership as of and for the year ended December 31, 2019, and our report dated February 25, 2020 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Partnership’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Arlington, Virginia
February 25, 2020

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

	December 31,	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,780	\$ 3,191
Accounts receivable, net of allowances of \$557 and \$607, respectively	32,160	16,160
Accounts receivable from related parties	4,299	9,697
Inventories	6,230	14,083
Assets held for sale	13,231	2,218
Other current assets	5,795	5,513
Total current assets	63,495	50,862
Property and equipment, net	565,916	647,413
Right-of-use assets, net	120,767	—
Intangible assets, net	44,996	59,063
Goodwill	88,764	88,764
Other assets	21,318	20,820
Total assets	\$ 905,256	\$ 866,922
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt and finance lease obligations	\$ 2,471	\$ 2,296
Current portion of operating lease obligations	23,485	—
Accounts payable	57,392	32,632
Accounts payable to related parties	431	25,045
Accrued expenses and other current liabilities	16,382	17,871
Motor fuel taxes payable	12,475	10,604
Total current liabilities	112,636	88,448
Debt and finance lease obligations, less current portion	534,859	519,276
Operating lease obligations, less current portion	100,057	—
Deferred tax liabilities, net	19,369	19,929
Asset retirement obligations	35,589	32,747
Other long-term liabilities	24,349	95,589
Total liabilities	826,859	755,989
Commitments and contingencies		
Equity:		
Common units—(34,494,441 and 34,444,113 units issued and outstanding at December 31, 2019 and 2018, respectively)	78,397	110,933
General Partner's interest	—	—
Total Partners' Capital	78,397	110,933
Total liabilities and equity	\$ 905,256	\$ 866,922

See Notes to Consolidated Financial Statements.

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

	For the Year Ended December 31,		
	2019	2018	2017
Operating revenues(a)	\$ 2,149,429	\$ 2,445,917	\$ 2,094,827
Costs of sales	1,994,792	2,273,122	1,934,061
Gross profit	154,637	172,795	160,766
Income from CST Fuel Supply equity interests	14,768	14,948	14,906
Operating expenses:			
Operating expenses	52,554	61,919	61,297
General and administrative expenses	16,849	17,966	27,887
Depreciation, amortization and accretion expense	55,032	66,549	57,470
Total operating expenses	124,435	146,434	146,654
(Loss) gain on dispositions and lease terminations, net	(1,648)	(6,297)	3,401
Operating income	43,322	35,012	32,419
Other income, net	524	373	439
Interest expense	(27,000)	(32,872)	(27,919)
Income before income taxes	16,846	2,513	4,939
Income tax benefit	(1,230)	(2,733)	(18,237)
Net income	18,076	5,246	23,176
Less: net (loss) income attributable to noncontrolling interests	—	(5)	18
Net income attributable to limited partners	18,076	5,251	23,158
IDR distributions	(533)	(1,579)	(4,337)
Net income available to limited partners	\$ 17,543	\$ 3,672	\$ 18,821

Basic and diluted earnings per common unit	\$ 0.51	\$ 0.11	\$ 0.56
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Weighted-average limited partner units:

Basic common units	34,454,369	34,345,298	33,844,823
Diluted common units(b)	34,484,801	34,345,298	33,855,345

Supplemental information:

(a) Includes excise taxes of:	\$ 78,004	\$ 97,929	\$ 79,937
(a) Includes revenues from fuel sales to and rental income from related parties of:	297,568	433,740	414,781
(b) Diluted common units were not used in the calculation of diluted earnings per common unit for 2018 because to do so would have been antidilutive.			

See Notes to Consolidated Financial Statements.

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

	For the Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 18,076	\$ 5,246	\$ 23,176
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion expense	55,032	66,549	57,470
Amortization of deferred financing costs	1,027	1,534	1,707
Amortization of (above) below market leases, net	—	(21)	70
Provision for losses on doubtful accounts	362	611	103
Deferred income taxes	3,569	(4,261)	(18,853)
Equity-based employee and director compensation expense	1,246	481	1,931
Circle K Omnibus Agreement fees settled in common units	—	3,300	13,200
Loss (gain) on dispositions and lease terminations, net	1,648	6,297	(3,401)
Changes in operating assets and liabilities, net of acquisitions	(8,633)	10,016	13,557
Net cash provided by operating activities	72,327	89,752	88,960
Cash flows from investing activities:			
Principal payments received on notes receivable	1,098	780	450
Proceeds from sale of assets	4,856	6,642	27,552
Proceeds from sale of assets to Circle K	3,148	—	—
Capital expenditures	(24,611)	(13,717)	(12,488)
Cash paid in connection with acquisitions, net of cash acquired	—	—	(75,627)
Cash paid to Circle K in connection with acquisitions	—	(485)	—
Net cash used in investing activities	(15,509)	(6,780)	(60,113)
Cash flows from financing activities:			
Borrowings under the revolving credit facility	137,303	128,107	205,121
Repayments on the revolving credit facility	(116,303)	(136,107)	(140,621)
Payments of long-term debt and finance lease obligations	(2,297)	(2,866)	(2,032)
Payments of sale-leaseback obligations	—	(1,019)	(865)
Payment of deferred financing costs	(3,972)	(901)	(6)
Contributions from Circle K	—	6,306	329
Distributions paid on distribution equivalent rights	(86)	(37)	(22)
Distributions paid to holders of the IDRs	(533)	(1,579)	(4,337)
Distributions paid to noncontrolling interests	—	(20)	(103)
Distributions paid on common units	(72,341)	(75,562)	(83,764)
Net cash used in financing activities	(58,229)	(83,678)	(26,300)
Net (decrease) increase in cash and cash equivalents	(1,411)	(706)	2,547
Cash and cash equivalents at beginning of period	3,191	3,897	1,350
Cash and cash equivalents at end of period	<u>\$ 1,780</u>	<u>\$ 3,191</u>	<u>\$ 3,897</u>

See Notes to Consolidated Financial Statements.

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

	Limited Partners' Interest		General Partner's Interest	Incentive Distribution Rights	Noncontrolling Interest	Equity
	Common Unitholders					
	Units	Dollars				
	Dollars	Dollars	Dollars	Dollars	Dollars	
Balance at December 31, 2016	33,524,952	\$ 221,044	\$ —	\$ —	\$ (233)	\$ 220,811
Vesting of incentive and director awards, net of units withheld for taxes	35,993	896	—	—	—	896
Issuance of units to Circle K for the payment of fees under the Circle K Omnibus Agreement	550,516	14,033	—	—	—	14,033
Contributions from Circle K	—	329	—	—	—	329
Net income and comprehensive income	—	18,821	—	4,337	18	23,176
Distributions paid	—	(83,786)	—	(4,337)	(103)	(88,226)
Balance at December 31, 2017	34,111,461	171,337	—	—	(318)	171,019
Vesting of incentive and director awards, net of units withheld for taxes	40,534	490	—	—	343	833
Issuance of units to Circle K for the payment of fees under the Circle K Omnibus Agreement	292,118	6,518	—	—	—	6,518
Contributions from Circle K, net of tax	—	4,691	—	—	—	4,691
Acquisition of leasehold interest in three sites from Circle K	—	(56)	—	—	—	(56)
Other	—	(120)	—	—	—	(120)
Net income (loss) and comprehensive income (loss)	—	3,672	—	1,579	(5)	5,246
Distributions paid	—	(75,599)	—	(1,579)	(20)	(77,198)
Balance at December 31, 2018	34,444,113	110,933	—	—	—	110,933
Vesting of incentive and director awards, net of units withheld for taxes	50,328	862	—	—	—	862
Transition adjustment upon adoption of ASC 842, net of tax	—	28,896	—	—	—	28,896
Asset exchange with Circle K, net of tax	—	(7,410)	—	—	—	(7,410)
Net income and comprehensive income	—	17,543	—	533	—	18,076
Distributions paid	—	(72,427)	—	(533)	—	(72,960)
Balance at December 31, 2019	34,494,441	\$ 78,397	\$ —	\$ —	\$ —	\$ 78,397

See Notes to Consolidated Financial Statements.

Note 1. DESCRIPTION OF BUSINESS

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 February 21, 2020, the Topper Group also has beneficial ownership of a 47.7% 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.

Note 2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements were prepared in accordance with U.S. GAAP. These financial statements include the consolidated accounts of CrossAmerica and subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

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.

Cash and Cash Equivalents

We consider all short-term investments with maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are stated at cost, which, for cash equivalents, approximates fair value due to their short-term maturity. We are potentially subject to financial instrument concentration of credit risk through our cash and cash equivalents. We maintain cash and cash equivalents with several major financial institutions. We have not experienced any losses on our cash equivalents.

Receivables

Accounts receivable primarily result from the sales of motor fuels to customers and rental fees for retail sites. The majority of our accounts receivable relate to our motor fuel sales that can generally be described as high volume and low margin activities. 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. Receivables are recorded at face value, without interest or discount. Receivables include amounts due from financial institutions for customer credit and debit card transactions.

The provision for bad debts is generally based upon a specific analysis of aged accounts while also factoring in any new business conditions that might impact the historical analysis, such as market conditions and bankruptcies of particular customers. Bad debt provisions are included in general and administrative expenses.

We review all accounts receivable balances on at least a quarterly basis and provide an allowance for doubtful accounts based on historical experience and on a specific identification basis.

Inventories

Motor fuel inventory consists of gasoline, diesel fuel and other petroleum products and is stated at the lower of average cost or net realizable value using the first-in, first-out method. We record inventory from the time of the purchase of motor fuels from third-party suppliers until the retail sale to the end customer.

Asset Acquisitions and Business Combinations

When closing on an acquisition, we must first determine whether substantially all of the fair value of the set of gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set is not a business. If this threshold is not met, we determine whether the set meets the definition of a business.

A business is defined as an integrated set of assets and activities that is capable of being conducted and managed for the purpose of providing a return to investors or other owners, members or participants. A business typically has inputs, processes applied to those inputs and outputs that are used to generate a return to investors, but outputs are not required for a set to be a business. A business must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

We account for asset acquisitions (i.e. transactions involving the acquisition of a set of assets that does not meet the definition of a business) in accordance with the guidance under ASC 805-50 and other applicable guidance. Asset acquisitions are generally accounted for by allocating the cost of the acquisition, including acquisition costs, to the individual assets acquired and liabilities assumed on a relative fair value basis.

We account for business combinations in accordance with the guidance under ASC 805–*Business Combinations*. The purchase price is recorded for assets acquired and liabilities assumed based on fair value. The excess of the fair value of the consideration conveyed over the fair value of the net assets acquired is recorded as goodwill.

The income statement includes the results of operations for each acquisition from their respective date of acquisition.

Whether we account for a transaction as an asset acquisition or a business combination, determining the fair value of assets and liabilities requires management's judgment, the utilization of independent valuation experts and involves the use of significant estimates and assumptions with respect to the timing and amounts of future cash inflows and outflows, discount rates, market prices and asset lives, among other items. The judgments made in the determination of the estimated fair value assigned to the assets acquired, the liabilities assumed and any noncontrolling interest in the investee, as well as the estimated useful life of each asset and the duration of each liability, can materially impact the financial statements in periods after acquisition, such as through depreciation and amortization.

Property and Equipment

Property and equipment is recorded at cost, which equals fair value in the case of a business combination or generally approximates fair value in the case of an asset acquisition. Depreciation is recognized using the straight-line method over the estimated useful lives of the related assets, including: 10 to 20 years for buildings and improvements and three to 30 years for equipment. Amortization of leasehold improvements is based upon the shorter of the remaining terms of the leases including renewal periods that are reasonably assured, or the estimated useful lives, which generally range from seven to 10 years.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Maintenance and repairs are charged to operations as incurred. Gains or losses on the disposition of property and equipment are recorded in the period the sale meets the criteria for recognition.

Intangible Assets

Intangible assets are recorded at fair value in the case of a business combination or at a value that generally approximates fair value in the case of an asset acquisition. Intangible assets associated with wholesale fuel supply contracts and wholesale fuel distribution rights are amortized over 10 years. Trademarks are amortized over five years. Covenants not to compete are amortized over the shorter of the contract term or five years. Intangible assets associated with above and below market leases in which we are the lessor are amortized over the applicable lease term. Intangible assets with finite useful lives are amortized over their respective estimated useful lives and reviewed for impairment if we believe that changes or triggering events have occurred that could have caused the carrying value of the intangible assets to exceed its fair value. Intangible assets with indefinite lives are not amortized but are tested for impairment annually or more frequently if events and circumstances indicate that the intangible assets might be impaired.

Impairment of Assets

Long-lived assets, which include property and equipment and finite-lived intangible assets, are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. A long-lived asset is not recoverable if its carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. If a long-lived asset is not recoverable, an impairment loss is recognized for the amount by which the carrying amount of the long-lived asset exceeds its fair value, with fair value determined based on discounted estimated net cash flows or other appropriate methods.

Goodwill

Goodwill represents the excess of cost over the fair value of net assets of businesses acquired. Goodwill is not amortized, but instead is tested for impairment at the reporting unit level at least annually, and more frequently if events and circumstances indicate that the goodwill might be impaired. The annual impairment testing date of goodwill is October 1.

In performing our annual impairment analysis, ASC 350–20, Intangibles–Goodwill and Other, allows us to use qualitative factors to determine whether it is more likely than not (likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount, including goodwill.

If, after assessing the totality of events or circumstances, we determine that it is more likely than not that the fair value of a reporting unit exceeds its carrying amount, no further testing is necessary. However, if we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform the goodwill impairment test.

In the goodwill impairment test, the reporting unit's carrying amount (including goodwill) and its fair value are compared. If the estimated fair value of a reporting unit is less than the carrying value, an impairment charge is recognized for the deficit up to the amount of goodwill recorded.

No goodwill was impaired for any period presented.

Investment in CST Fuel Supply

ASU 2016-15—Statement of Cash Flows (ASC 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force) was effective January 1, 2018. This ASU provides guidance on cash flow presentation of various specific transactions. We apply the cumulative earnings approach in presenting our cash flows from our investment in CST Fuel Supply. Distributions received are considered returns on investment and classified as cash inflows from operating activities. See Note 25 for information regarding the exchange of this investment for certain assets owned by Circle K.

Debt Issuance Costs

Debt issuance costs that are incurred in connection with the issuance of debt are deferred and amortized to interest expense using the straight-line method (which approximates the effective interest method) over the contractual term of the underlying indebtedness. Debt issuance costs are classified as a reduction of the associated liability.

Environmental Matters

Liabilities for future remediation costs are recorded when environmental assessments from governmental regulatory agencies and/or remedial efforts are probable and the costs can be reasonably estimated. Other than for assessments, the timing and magnitude of these accruals generally are based on the completion of investigations or other studies or a commitment to a formal plan of action. Environmental liabilities are based on best estimates of probable undiscounted future costs using currently available technology and applying current regulations, as well as our own internal environmental policies. Environmental liabilities are difficult to assess and estimate due to uncertainties related to the magnitude of possible remediation, the timing of such remediation and the determination of our obligation in proportion to other parties. Such estimates are subject to change due to many factors, including the identification of new retail sites requiring remediation, changes in environmental laws and regulations and their interpretation, additional information related to the extent and nature of remediation efforts and potential improvements in remediation technologies. Amounts recorded for environmental liabilities have not been reduced by possible recoveries from third parties.

Asset Retirement Obligations

We record a liability, which is referred to as an asset retirement obligation, at fair value for the estimated cost to remove underground storage tanks (USTs) used to store motor fuel at owned and leased retail sites at the time we incur that liability, which is generally when the UST is installed or upon entering the lease. We record a discounted liability for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset. We depreciate the amount added to property and equipment and recognize accretion expense in connection with the discounted liability over the estimated remaining life of the UST. Accretion expense is reflected in depreciation, amortization and accretion expense. We base our estimates of the anticipated future costs for removal of a UST on our prior experience with removal. Removal costs include the cost to remove the USTs, soil remediation costs resulting from the spillage of small quantities of motor fuel in the normal operations of our business and other miscellaneous costs. We review our assumptions for computing the estimated liability for the removal of USTs on an annual basis. Any change in estimated cash flows is reflected as an adjustment to the liability and the associated asset.

Segment Reporting

We present our segment reporting in accordance with ASC 280—Segment Reporting and engage in both the wholesale and retail distribution of motor fuels, primarily gasoline and diesel fuel. We present our results to our chief operating decision maker segregated between wholesale and retail activities. As a result, we are deemed to conduct our business in two segments: 1) the wholesale segment and 2) the retail segment. The class of customer and gross margins are sufficiently different between these two businesses to warrant two reportable segments. See Note 21 for additional information.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09—Revenue from Contracts with Customers (ASC 606), which results in comprehensive new revenue accounting guidance, requires enhanced disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized, and develops a common revenue standard under U.S. GAAP and International Financial Reporting Standards. Specifically, the core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This guidance became effective January 1, 2018 and we applied the modified retrospective method of adoption. There was no material impact on the financial statements other than disclosures. This guidance applies to over 90% of our revenues as the only primary revenue stream outside the scope of this guidance is rental income.

Revenues from the delivery of motor fuel are recorded at the time of delivery to our customers, by which time the price is fixed, title to the products has transferred and payment has either been received or collection is reasonably assured, net of applicable discounts and allowances. Incremental costs incurred to obtain certain contracts with customers are deferred and amortized over the contract term and are included in other noncurrent assets on the balance sheets. Amortization of such costs are classified as a reduction of operating revenues.

Revenues from the sale of convenience store products are recognized at the time of sale to the customer.

Revenues from leasing arrangements for which we are the lessor are recognized ratably over the term of the underlying lease.

In transactions in which we sell and lease back property, we apply guidance from ASC 606 in determining whether the transfer of the property should be accounted for as a sale. Specifically, we assess if we have satisfied a performance obligation by transferring control of the property.

See Note 21 for additional information on our revenues and related receivables.

Cost of Sales

We include in our cost of sales all costs we incur to acquire motor fuel and merchandise, including the costs of purchasing, storing and transporting inventory prior to delivery to our customers. A component of our cost of sales is the discount for prompt payment and other rebates, discounts and incentives offered by our suppliers. Prompt payment discounts from suppliers are based on a percentage of the purchase price of motor fuel and the dollar value of these discounts varies with motor fuel prices. Cost of sales does not include any depreciation of our property and equipment, as these amounts are included in depreciation, amortization and accretion expense on our statements of income.

Motor Fuel Taxes

LGW collects motor fuel taxes, which consist of various pass-through taxes collected from customers on behalf of taxing authorities and remits such taxes directly to those taxing authorities. LGW's accounting policy is to exclude the taxes collected and remitted from wholesale revenues and cost of sales and account for them as liabilities. LGWS's retail sales and cost of sales include motor fuel taxes as the taxes are included in the cost paid for motor fuel and LGWS has no direct responsibility to collect or remit such taxes to the taxing authorities.

Lease Accounting

We lease certain retail sites from third parties under long-term arrangements with various expiration dates.

Through December 31, 2018, we accounted for leases in accordance with ASC 840—Leases.

We are the lessee in certain sale-leaseback transactions for certain retail sites, and as we have continuing involvement in the underlying retail sites through a sublease with a lessee dealer, the sale-leaseback arrangements were accounted for as financing transactions under ASC 840.

In February 2016, the FASB issued ASU 2016-02—Leases (ASC 842). This standard modifies existing guidance for reporting organizations that enter into leases to increase transparency by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This guidance was effective for us on January 1, 2019.

CROSSAMERICA PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We elected the package of practical expedients permitted under the transition guidance within the new standard, which allows us to not reassess: 1) whether any expired or existing contracts are or contain leases; 2) lease classifications for any expired or existing leases; and 3) initial direct costs for any existing leases. We also elected the practical expedient to not assess whether existing or expired land easements that were not previously accounted for as leases under ASC 840 are or contain a lease under ASC 842. We did not elect the hindsight practical expedient and thus did not reassess the lease term for existing leases. We did not elect the practical expedient to not separate lease components from non-lease components for any classes of assets. We made an accounting policy election to not recognize lease assets and lease liabilities on the balance sheet for leases with an initial term of one year or less. We elected the current period adjustment transition method as permitted by ASU 2018-10 and recorded a cumulative effect adjustment to equity effective January 1, 2019.

There was no impact from the adoption of this ASU on the accounting for our capital (now called finance) lease obligations.

Since our previous sale-leaseback transactions were accounted for as failed sale-leasebacks, we were required to reassess these leases under the new guidance as part of adopting ASC 842. We concluded that control, including the significant risks and rewards of ownership, transferred to the buyer-lessor at the inception of each sale-leaseback transaction, and as a result these leasing transactions do not represent financing obligations under ASC 842. Therefore, these leases are accounted for as operating leases under the new guidance and the \$42.0 million of net property and equipment and \$76.1 million of sale-leaseback financing obligations recorded on the balance sheet as of December 31, 2018 were removed as part of our transition adjustment effective January 1, 2019. In addition, \$5.2 million of deferred tax assets primarily relating to the failed sale-leasebacks were removed from the balance sheet as part of our transition adjustment.

In order to measure our lease liability under our leases as lessee, we are required to discount our minimum rental payments using the rate implicit in the lease, unless such rate cannot be readily determined, in which case our incremental borrowing rate is used. As we do not know the amount of our lessors' initial direct costs, we are generally unable to determine the rate implicit in our leases. As a result, we generally use our incremental borrowing rate, which is the rate we would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term in a similar economic environment. We considered the rates we paid in previous financing and sale-leaseback transactions, the rates on our borrowings under our prior secured revolving credit facility and mortgage rates on commercial properties for various terms in developing our incremental borrowing rates.

Effective January 1, 2019, we recognized right-of-use assets related to operating leases, inclusive of direct costs of entering leases and below market lease intangible assets and net of deferred rent expense and above market lease liabilities, totaling \$133.3 million. We recorded lease liabilities related to operating leases, including related to the sale-leaseback transactions noted above, totaling \$135.9 million.

The net adjustment recorded to equity as of January 1, 2019 was a credit of \$28.9 million.

The table below summarizes these adjustments to the January 1, 2019 balance sheet (in millions).

	<u>As Reported</u>	<u>Remove sale- leaseback balances</u>	<u>Record ROU asset/ lease liability</u>	<u>Balance sheet reclasses</u>	<u>As Adjusted</u>
Property and equipment, net	\$ 647.4	\$ (42.0)	\$ —	\$ —	\$ 605.4
Right-of-use assets, net	—	—	135.9	(2.6)	133.3
Intangible assets, net	59.1	—	—	(1.0)	58.1
Accrued expenses and other current liabilities	17.9	(1.1)	—	—	16.8
Current portion of operating lease obligations	—	—	24.3	—	24.3
Operating lease obligations, less current portion	—	—	111.6	—	111.6
Deferred tax liabilities, net	19.9	5.2	—	—	25.1
Other long-term liabilities	95.6	(75.0)	—	(3.6)	17.0
Equity	110.9	28.9	—	—	139.8

CROSSAMERICA PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Since we are not restating prior periods as part of adopting this guidance, our results for 2019 are not directly comparable to our results for periods before January 1, 2019. Specifically, payments on our failed sale-leaseback obligations were characterized as principal and interest expense in periods prior to January 1, 2019. Beginning on January 1, 2019, these payments are characterized as rent expense and thus reduce gross profit and operating income (primarily from the Wholesale segment) relative to the results reported for periods prior to January 1, 2019.

See Notes 11, 12 and 21 for additional information.

ASC 842 requires leases be evaluated and classified as either operating or finance for financial reporting purposes. The lease term used for lease evaluation includes option periods only in instances in which the exercise of the option period is reasonably certain. Generally, lease payments are expensed on a straight-line basis over the term of the lease including renewal periods that are reasonably certain at the inception of the lease. In addition to these lease payments, certain leases require additional contingent payments based on sales volume or future inflation, which are expensed as incurred.

Income Taxes

Our wholly owned taxable subsidiaries recognize deferred income tax assets and liabilities for the expected future income tax consequences of temporary differences between financial statement carrying amounts and the related income tax basis.

Income tax attributable to our earnings and losses, excluding the earnings and losses of our wholly owned taxable subsidiaries, are assessed at the individual level of the unitholder. Accordingly, we do not record a provision for income taxes other than for those earnings and losses generated or incurred by our wholly owned taxable subsidiaries.

Tax positions not meeting the more-likely-than-not recognition threshold at the financial statement date may not be recognized or continue to be recognized under the accounting guidance for income taxes. Where required, we recognize interest and penalties for uncertain tax positions in income taxes.

Valuation allowances are initially recorded and reevaluated each reporting period by assessing the likelihood of the ultimate realization of a deferred tax asset. Management considers a number of factors in assessing the realization of a deferred tax asset, including the reversal of temporary differences, projections of future taxable income and ongoing prudent and feasible tax planning strategies. The amount of deferred tax assets ultimately realized may differ materially from the estimates utilized in the computation of valuation allowances and may materially impact the financial statements in the future.

Earnings per Common 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 specified in the Partnership Agreement. Net income per common unit applicable to limited partners is computed by dividing the limited partners' interest in net income, after deducting any incentive distributions, by the weighted-average number of outstanding common units.

See Note 25 for disclosure regarding the elimination of the IDRs, which closed on February 6, 2020.

New Accounting Guidance Pending Adoption

Accounting for 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. This standard is effective January 1, 2020 for the Partnership. The Partnership does not expect a material impact on its financial statements.

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 Update 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 2019, 2018 and 2017, we distributed approximately 8%, 11%, and 13% of our total wholesale distribution volume to Dunne Manning Stores LLC (DMS), an entity associated with the family of a member of the Board and DMS accounted for approximately 7%, 15% and 22% of our rental income, respectively.

In June 2018, we executed master fuel supply and master lease agreements with a third-party multi-site operator of retail motor fuel stations, to which we transitioned 43 sites in Florida from DMS in the third quarter of 2018. The master fuel supply and master lease agreements have an initial 10-year term with four 5-year renewal options. See Note 13 for information relating to our recapture of these sites from the master lease agreement with DMS.

For 2019, 2018 and 2017, we distributed 6%, 7% and 8% of our total wholesale distribution volume to Circle K retail sites that are not supplied by CST Fuel Supply and received 14%, 20% and 20% of our rental income from Circle K, respectively.

For more information regarding transactions with DMS and its affiliates and Circle K, see Note 13.

In 2019, our wholesale business purchased approximately 26%, 22%, 15% and 12% of its motor fuel from ExxonMobil, BP, Circle K and Motiva, respectively. In 2018, our wholesale business purchased approximately 26%, 26%, 13% and 10% of its motor fuel from ExxonMobil, BP, Motiva and Circle K, respectively. In 2017, our wholesale business purchased approximately 28%, 27% and 16% of its motor fuel from ExxonMobil, BP and Motiva, respectively. No other fuel suppliers accounted for 10% or more of our motor fuel purchases during 2019, 2018 or 2017.

Valero supplied substantially all of the motor fuel purchased by CST Fuel Supply during all periods presented. CST Fuel Supply purchased approximately 1.7 billion, 1.6 billion and 1.7 billion gallons of motor fuel from Valero in 2019, 2018 and 2017, respectively.

Note 3. ASSET EXCHANGE TRANSACTION WITH CIRCLE K

On December 17, 2018, as approved by the independent conflicts committee of the Board, we entered into an Asset Exchange Agreement (the "Asset Exchange Agreement") with Circle K. Pursuant to the Asset Exchange Agreement, the parties have agreed to exchange (i) certain assets of CrossAmerica related to 56 convenience and fuel retail stores currently leased and operated by Circle K pursuant to a master lease that CrossAmerica previously purchased jointly with or from CST (the "master lease properties"), and 17 convenience and fuel retail stores currently owned and operated by CrossAmerica located in the U.S. Upper Midwest (collectively, including the master lease properties, the "CAPL Properties"), having an aggregate fair value of approximately \$184.5 million, for (ii) certain assets of Circle K related to 192 (162 fee and 30 leased) company-operated convenience and fuel retail stores (the "CK Properties"), having an aggregate fair value of approximately \$184.5 million. The existing fuel supply arrangements for the 56 master lease properties will remain unchanged.

The assets being exchanged by CrossAmerica include (i) its fee simple title to all land and other real property and related improvements owned by CrossAmerica at the CAPL Properties, (ii) all buildings and other improvements located on the CAPL Properties, (iii) all tangible personal property owned by CrossAmerica and primarily used in connection with the operation of the CAPL Properties, including all underground storage tanks located on such properties and owned by CrossAmerica, (iv) CrossAmerica's rights under certain contracts related to the CAPL Properties, (v) all in-store cash, inventory owned by CrossAmerica and assignable permits owned or held by CrossAmerica at the 17 convenience store sites owned and operated by CrossAmerica, (vi) all real estate records and related registrations and reports relating exclusively to the CAPL Properties, and (vii) all goodwill and other intangible assets associated with the foregoing assets (collectively, the "CAPL Assets"). The assets being exchanged by Circle K include (a) its fee simple title to all land and other real property and related improvements owned by Circle K at the CK Properties, (b) all buildings and other improvements located on the CK Properties, (c) all tangible personal property owned by Circle K and primarily used in connection with the operation of the CK Properties, including all underground storage tanks located on such properties and owned by Circle K, (d) Circle K's rights under the dealer agreements and agent agreements to be entered into and assigned to CrossAmerica relating to each CK Property that will be dealerized as contemplated by the Asset Exchange Agreement, (e) Circle K's rights under certain contracts related to the CK Properties, (f) all real estate records and related registrations and reports relating exclusively to the CK Properties, and (g) all goodwill and other intangible assets associated with the foregoing assets (collectively, the "CK Assets"). CrossAmerica will also assume certain liabilities associated with the CK Assets, and Circle K will assume certain liabilities associated with the CAPL Assets.

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The CK Properties will be assigned to CrossAmerica in multiple tranches after Circle K has executed a dealer agreement or agent agreement, as applicable, with respect to each CK Property to be included in a tranche and the applicable dealer or agent has assumed possession and operating control of such property. As a result, it is expected that the exchange of assets pursuant to the Asset Exchange Agreement will occur in a series of separate tranche closings over a period of up to 24 months as Circle K enters into such dealer agreements or agent agreements. At each separate closing, CK Properties and related CK Assets will be exchanged for CAPL Properties and related CAPL Assets of approximately equivalent value. After the final tranche closing, any net valuation difference will be paid by the party owing such amount to the other.

Each separate closing is subject to the satisfaction or waiver of customary closing conditions. The Asset Exchange Agreement contains customary representations, warranties, agreements and obligations of the parties, including covenants regarding the conduct by CrossAmerica and Circle K with respect to the CAPL Properties and the CK Properties, respectively, prior to closing. CrossAmerica and Circle K have generally agreed to indemnify each other for breaches of the representations, warranties and covenants contained in the Asset Exchange Agreement for a period of 18 months after the date of the final closing (or for certain specified losses, until the expiration of the applicable statute of limitations). Except for such specified losses, the respective indemnification obligations of each of CrossAmerica and Circle K to the other will not apply to the first \$1.845 million of losses and the aggregate indemnification obligations will not exceed \$39.9 million. The Asset Exchange Agreement may be terminated by mutual written consent of CrossAmerica and Circle K.

In connection with the execution of the Asset Exchange Agreement, CrossAmerica and Circle K also entered into an Environmental Responsibility Agreement (the "ERA"), which agreement sets forth the parties' respective liabilities and obligations with respect to environmental matters relating to the CAPL Properties and the CK Properties. Generally, (i) each party will retain liability for known contamination at the sites it is transferring to the other party and (ii) each party will assume liability for unknown contamination at the sites it is receiving from the other party, except that the ERA does not affect any liability that Circle K currently has under the existing master lease of the master lease properties.

First Asset Exchange

On May 21, 2019, the closing of the first separate tranche of asset exchanges under the Asset Exchange Agreement occurred (the "First Asset Exchange"). In this First Asset Exchange, Circle K transferred to the Partnership 60 (52 fee and 8 leased) U.S. company-operated convenience and fuel retail stores having an aggregate fair value of approximately \$58.1 million, and the Partnership transferred to Circle K all 17 of the Upper Midwest properties and the real property for eight of the master lease properties having an aggregate fair value of approximately \$58.3 million.

Second Asset Exchange

On September 5, 2019, the closing of the second separate tranche of asset exchanges under the Asset Exchange Agreement occurred (the "Second Asset Exchange"). In this Second Asset Exchange, Circle K transferred to the Partnership 56 (51 fee and 5 leased) U.S. company-operated convenience and fuel retail stores having an aggregate fair value of approximately \$50.2 million, and the Partnership transferred to Circle K the real property for 19 of the master lease properties having an aggregate fair value of approximately \$51.4 million.

In connection with the closing of the First Asset Exchange and Second Asset Exchange (collectively, the "Closed Asset Exchange Transactions"), 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. Additionally, at the closing of the First Asset Exchange, LGW and Circle K entered into a Sub-Jobber Agreement, dated as of May 21, 2019 (the "Sub-Jobber Agreement"), pursuant to which Circle K will supply fuel to LGW for resale to the dealers at the stores that Circle K transferred to the Partnership in the Closed Asset Exchange Transactions. While there is no minimum or maximum quantity of products that LGW is required to purchase from Circle K, for each store location covered by the Sub-Jobber Agreement, LGW must purchase from Circle K all of the requirements for motor fuel at the stores covered by the Sub-Jobber Agreement, except in certain limited circumstances described in the Sub-Jobber Agreement. The term of the Sub-Jobber Agreement will expire on May 21, 2024, unless earlier terminated by either party in accordance with the terms of the Sub-Jobber Agreement. Circle K also has the right to grant temporary extensions of the Sub-Jobber Agreement of up to 180 days per extension.

After each subsequent separate "tranche" closing under the Asset Exchange Agreement, the Sub-Jobber Agreement will be amended by agreement of LGW and Circle K to add the store locations acquired by the Partnership at such closing to the Sub-Jobber Agreement.

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The purchases and sales were accounted for as transactions between entities under common control. As such, the sites divested were recorded as a charge against equity. The sites acquired were recorded at carryover book basis from Circle K's balance sheet as a contribution to equity.

We recorded the following to reflect the divestiture of the CAPL Properties in the Closed Asset Exchange Transactions with the net assets divested recorded through equity (in thousands).

	<u>First Asset Exchange</u>	<u>Second Asset Exchange</u>
Property and equipment, net	\$ 40,686	\$ 37,955
Right-of-use assets, net	3,077	—
Intangible assets, net	2,135	—
Total assets	\$ 45,898	\$ 37,955
Current portion of operating lease obligations	\$ 448	\$ —
Operating lease obligations, less current portion	2,629	—
Deferred income taxes	4,804	(151)
Asset retirement obligations	821	318
Total liabilities	\$ 8,702	\$ 167
Net assets divested	\$ 37,196	\$ 37,788

We recorded the following to reflect the acquisition of the CK Properties in the Closed Asset Exchange Transactions with the net assets acquired recorded through equity (in thousands).

	<u>First Asset Exchange</u>	<u>Second Asset Exchange</u>
Property and equipment, net	\$ 35,345	\$ 36,891
Right-of-use assets, net	1,956	781
Total assets	\$ 37,301	\$ 37,672
Current portion of operating lease obligations	\$ 563	\$ 241
Operating lease obligations, less current portion	1,393	540
Deferred income taxes	(2,282)	(2,368)
Asset retirement obligations	1,887	1,617
Total liabilities	\$ 1,561	\$ 30
Net assets acquired	\$ 35,740	\$ 37,642
Net decrease in net assets	\$ (1,456)	\$ (146)
Note receivable from Circle K ^(a)	234	1,171
Income tax liability incurred on sale	(5,135)	(2,078)
Net charge to equity	\$ (6,357)	\$ (1,053)

- (a) Because the fair value of the properties divested to Circle K was \$0.2 million greater than the fair value of the properties acquired from Circle K in the First Asset Exchange and \$1.2 million greater than the fair value of the properties acquired from Circle K in the Second Asset Exchange, we recognized a receivable for \$1.4 million.

In connection with the closing of the First Asset Exchange, we received \$2.8 million in cash from Circle K during the second quarter of 2019 as consideration primarily for 1) inventory transferred by us to Circle K at the 17 company operated sites; and 2) security deposits from dealers assigned by Circle K to us. In connection with the closing of the Second Asset Exchange, we received \$0.3 million in cash from Circle K during the third quarter of 2019 as consideration primarily for security deposits from dealers assigned by Circle K to us.

On February 25, 2020, the closing of the third separate tranche of asset exchanges under the Asset Exchange Agreement occurred. In this tranche, Circle K transferred to the Partnership ten (all fee) U.S. company-operated convenience and fuel retail stores 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 having an aggregate fair value of approximately \$10.3 million.

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The remaining tranches are anticipated to close in the first half of 2020.

Note 4. ASSETS HELD FOR SALE

We have classified 24 and two sites as held for sale at December 31, 2019 and 2018, respectively. The sites classified as held for sale at December 31, 2019 are expected to be sold within one year of such classification. Assets held for sale were as follows (in thousands):

	December 31,	
	2019	2018
Land	\$ 10,082	\$ 2,029
Buildings and site improvements	5,178	417
Equipment	1,383	238
Total	16,643	2,684
Less accumulated depreciation	(3,412)	(466)
Assets held for sale	<u>\$ 13,231</u>	<u>\$ 2,218</u>

The Partnership has reprioritized divesting lower performing assets, which has resulted in an increase in the number of sites classified as held-for-sale at December 31, 2019. See Note 7 for information regarding impairment charges recorded upon such classification.

Note 5. RECEIVABLES

Changes in the allowance for doubtful accounts consisted of the following (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Balance at beginning of year	\$ 607	\$ 277	\$ 487
Increase in allowance charged to expense	362	611	103
Accounts charged against the allowance, net of recoveries	(412)	(281)	(313)
Balance at end of year	<u>\$ 557</u>	<u>\$ 607</u>	<u>\$ 277</u>

Notes receivable from lessee dealers totaled \$2.1 million and \$2.8 million at December 31, 2019 and 2018, respectively, and are included in other current assets and other noncurrent assets on the consolidated balance sheets.

Note 6. INVENTORIES

Inventories consisted of the following (in thousands):

	December 31,	
	2019	2018
Retail site merchandise	\$ —	\$ 7,085
Motor fuel	6,230	6,998
Inventories	<u>\$ 6,230</u>	<u>\$ 14,083</u>

See Note 3 for information related to the May 2019 closing of the first tranche of the asset exchange with Circle K and Note 21 for additional information related to the dealerization of our company operated sites. Subsequent to these transactions, we no longer operate company operated retail sites and thus no longer have retail site merchandise inventory. See Note 25 for information regarding the acquisition of retail and wholesale assets from the Topper Group and certain other parties.

CROSSAMERICA PARTNERS LP
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Note 7. PROPERTY AND EQUIPMENT

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

	December 31,	
	2019	2018
Land	\$ 257,131	\$ 283,137
Buildings and site improvements	296,411	361,579
Leasehold improvements	9,350	7,936
Equipment	194,997	184,653
Construction in progress	4,638	3,841
Property and equipment, at cost	762,527	841,146
Accumulated depreciation and amortization	(196,611)	(193,733)
Property and equipment, net	<u>\$ 565,916</u>	<u>\$ 647,413</u>

As a result of the adoption of ASC 842, on January 1, 2019, we recorded a transition adjustment removing the \$42.0 million of property and equipment, net recorded on the December 31, 2018 balance sheet related to leases previously accounted for as failed sale-leaseback transitions. See Note 2 for additional information.

See Note 3 for additional information on the closings of the first two tranches of the asset exchange with Circle K, which resulted in a \$6.4 million reduction of property and equipment, net.

As discussed in Note 11, we lease sites under our Getty Lease, for which the building and equipment components are classified as a finance lease. The right-of-use asset associated with this finance lease is included in the table above and totaled \$14.0 million at December 31, 2019, net of accumulated amortization. Amortization of this right-of-use asset is included in depreciation, amortization and accretion expense on the statement of income and amounted to \$2.3 million in 2019.

Approximately \$556.3 million of property and equipment, net was used for leasing purposes at December 31, 2019.

Depreciation expense, including amortization of assets recorded under finance lease obligations, was approximately \$42.8 million, \$49.3 million and \$42.5 million for 2019, 2018 and 2017, respectively. Included in these amounts are impairment charges primarily related to sites classified within assets held for sale totaling \$4.5 million, \$8.1 million and \$1.3 million during 2019, 2018 and 2017, respectively.

Of the impairment charges recorded in 2018, \$8.1 million related to the 11 FTC-required divestitures. The impairment charges include \$1.2 million of wholesale fuel distribution rights and \$0.3 million of goodwill, most of which relates to the Retail segment.

As part of Circle K's acquisition of Holiday, the FTC issued a decree in which nine sites were required to be divested to FTC approved third-party buyers ("Upper Midwest Sites"). Since this was a forced divestiture of assets for us, Circle K compensated us with an amount representing the difference between the value of the nine Upper Midwest Sites and the proceeds of the sale to FTC approved third-party buyers, which amounted to \$6.3 million. Circle K's payment to us was received during the fourth quarter of 2018. This payment was accounted for as a transaction between entities under common control and thus recorded as a contribution to partners' capital, net of income taxes.

In October 2018, Hurricane Michael damaged most of our 45 sites in Florida. As a result, we wrote off property and equipment with a net book value of \$2.3 million. We recorded \$3.1 million in insurance proceeds and as such, recognized a net gain of \$0.8 million in 2018.

During 2017, as approved by the conflicts committee of our Board, we sold 29 properties to Dunne Manning Realty LP, an entity affiliated with Joseph V. Topper, Jr., a member of the Board (DMR), for \$18.9 million, resulting in a \$0.8 million gain. These sites were generally sites at which we did not supply fuel or represented vacant land.

During 2017, we sold two properties as a result of the FTC's requirements associated with the CST Merger for \$6.7 million, resulting in a gain of \$2.2 million. In addition, Circle K agreed to reimburse us for the tax liability incurred on the required sale, resulting in additional proceeds of \$0.3 million, which was accounted for as a contribution to partners' capital.

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During 2017, DMS renewed its contract with one of its customers, triggering a \$0.8 million earn-out payment by DMS to us under a contract entered into with DMS at the time of CST acquiring our General Partner in October 2014, which was recorded as a gain.

Note 8. INTANGIBLE ASSETS

Intangible assets consisted of the following (in thousands):

	December 31, 2019			December 31, 2018		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Wholesale fuel supply contracts/rights	\$ 124,479	\$ (79,791)	\$ 44,688	\$ 126,734	\$ (69,265)	\$ 57,469
Trademarks	1,078	(1,072)	6	1,095	(1,006)	89
Covenant not to compete	4,552	(4,250)	302	4,581	(4,077)	504
Below market leases	—	—	—	11,177	(10,176)	1,001
Total intangible assets	\$ 130,109	\$ (85,113)	\$ 44,996	\$ 143,587	\$ (84,524)	\$ 59,063

As a result of the adoption of ASC 842, on January 1, 2019, we recorded a transition adjustment reclassifying below market lease intangible assets (and above market lease liabilities) to the right-of-use asset. See Note 2 for additional information.

See Note 3 for additional information on the May 2019 and September 2019 closing of the first and second tranche of the asset exchange with Circle K, which resulted in the disposal of \$2.1 million of wholesale fuel distribution rights.

Amortization expense, including amortization of above and below market lease intangible assets, which is classified as rent expense, was \$10.9 million, \$15.4 million (including \$2.0 million of impairments primarily related to FTC-required divestitures discussed in Note 7) and \$13.6 million for 2019, 2018 and 2017, respectively. Aggregate amortization expense is expected to be \$10.6 million, \$9.9 million, \$9.2 million, \$6.5 million and \$4.2 million for 2020, 2021, 2022, 2023 and 2024, respectively.

Note 9. GOODWILL

Changes in goodwill during 2019 and 2018 consisted of the following (in thousands):

	Wholesale Segment	Retail Segment	Consolidated
Balance at December 31, 2017	\$ 69,757	\$ 19,352	\$ 89,109
Divestitures	(70)	(275)	(345)
Balance at December 31, 2018	69,687	19,077	88,764
Reassignment	4,451	(4,451)	—
Balance at December 31, 2019	\$ 74,138	\$ 14,626	\$ 88,764

As a result of converting our remaining company-operated sites to dealer-operated sites in the third quarter of 2019 and the resulting reduction in future cash flows in the Retail segment and the expected increase in future cash flows that will be received by the Wholesale segment subsequent to the date of conversion, \$4.5 million of the goodwill originally assigned to the Retail segment was reassigned to the Wholesale segment. See Note 21 for additional information on the dealerization of our company operated sites.

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Note 10. ACCRUED EXPENSES AND OTHER LONG-TERM LIABILITIES

Accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31,	
	2019	2018
Taxes other than income	\$ 7,881	\$ 7,540
Current portion of environmental liabilities	1,520	1,450
Interest	992	1,362
Professional fees	880	1,129
Termination benefits	88	219
Current portion of sale-leaseback obligations (a)	—	1,166
Payroll (b)	—	519
Other	5,021	4,486
Total accrued expenses and other current liabilities	\$ 16,382	\$ 17,871

Other long-term liabilities consisted of the following (in thousands):

	December 31,	
	2019	2018
Security deposits	\$ 12,812	\$ 11,135
Accounts payable to Circle K (c)	4,616	—
Environmental liabilities	1,870	2,164
Sale-leaseback obligations, net of deferred financing costs (a)	—	74,147
Deferred rent expense (a)	—	3,057
Above market leases (a)	—	1,331
Other	5,051	3,755
Total other long-term liabilities	\$ 24,349	\$ 95,589

- (a) See Note 2 for information regarding the transition adjustment recorded related to the adoption of ASC 842.
(b) See Note 21 for information regarding the dealerization of our remaining company operated sites.
(c) See Note 13 for information regarding the noncurrent portion of our accounts payable with Circle K.

Asset Retirement Obligations

Environmental laws in the U.S. require the permanent closure of USTs within one to two years after the USTs are no longer in service, depending on the jurisdiction in which the USTs are located. We have estimated that USTs at our owned retail sites will remain in service approximately 30 years and that we will have an obligation to remove those USTs at that time. For our leased retail sites, our lease agreements generally require that we remove certain improvements, primarily USTs and signage, upon termination of the lease, and so an asset retirement obligation is incurred upon entering the lease. There are no assets that are legally restricted for purposes of settling our asset retirement obligations.

A rollforward of our asset retirement obligation is below (in thousands):

	December 31,	
	2019	2018
Balance at beginning of year	\$ 32,867	\$ 31,467
Recognition of asset retirement obligations	3,505	105
Changes in estimated cash flows or settlement dates	(1,789)	(122)
Accretion	1,317	1,533
Obligations settled	(123)	(116)
Balance at end of year	35,777	32,867
Current portion, included within accrued expenses and other current liabilities	188	120
Long-term portion	\$ 35,589	\$ 32,747

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Note 11. DEBT

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

	December 31,	
	2019	2018
Revolving credit facility	\$ 519,000	\$ 498,000
Finance lease obligations	22,630	24,927
Total debt and finance lease obligations	541,630	522,927
Current portion	2,471	2,296
Noncurrent portion	539,159	520,631
Deferred financing costs, net	4,300	1,355
Noncurrent portion, net of deferred financing costs	<u>\$ 534,859</u>	<u>\$ 519,276</u>

As of December 31, 2019, future principal payments on debt and future minimum rental payments on finance lease obligations were as follows (in thousands):

	Debt	Finance Lease Obligations	Total
2020	\$ —	\$ 3,166	\$ 3,166
2021	—	3,266	3,266
2022	—	3,367	3,367
2023	—	3,469	3,469
2024	519,000	3,573	522,573
Thereafter	—	8,734	8,734
Total future payments	519,000	25,575	544,575
Less interest component	—	2,945	2,945
	519,000	22,630	541,630
Current portion	—	2,471	2,471
Long-term portion	<u>\$ 519,000</u>	<u>\$ 20,159</u>	<u>\$ 539,159</u>

Our borrowings under the revolving credit facility had a weighted-average interest rate of 3.73% as of December 31, 2019 (LIBOR plus an applicable margin, which was 2.00% as of December 31, 2019). Letters of credit outstanding at December 31, 2019 and 2018 totaled \$5.4 million and \$5.2 million, respectively. The amount of availability under the credit facility at December 31, 2019, after taking into consideration debt covenant restrictions, was \$92.0 million.

New Credit Agreement

On April 1, 2019, we entered into a credit agreement with the lenders from time to time party thereto and Citizens Bank, N.A., as administrative agent, swing line lender and letter of credit issuer (the "New Credit Agreement").

The New Credit Agreement replaced our previous credit agreement, dated as of March 4, 2014 (as amended, the "Existing Credit Agreement"), and provided the following key benefits:

- Increased commitments from \$650 million to \$750 million with the ability to increase commitments by \$300 million, subject to certain conditions;
- Provides for the current and future asset exchange transactions with Circle K, subject to certain conditions being satisfied;
- Provided for a general reduction in the applicable margin;
- Increased the maximum permitted leverage ratio during most periods;
- Reduced cost of compliance, including removal of the requirement to mortgage real property; and
- Extended the maturity from April 2020 to April 2024.

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The New Credit Agreement is a \$750 million senior secured revolving credit facility, maturing in April 2024. The facility can be increased from time to time upon our written request, subject to certain conditions, up to an additional \$300 million. The aggregate amount of the outstanding loans and letters of credit under the New Credit Agreement cannot exceed the combined revolving commitments then in effect. All obligations under the New Credit Agreement are secured by substantially all of the Partnership's assets.

Borrowings under the credit facility bear interest, at the Partnership's option, at (1) a rate equal to LIBOR for interest periods of one, two, three or six months (or, if consented to by all lenders, for such other period that is twelve months or a period shorter than one month), plus a margin ranging from 1.50% to 2.50% per annum depending on our consolidated leverage ratio (as defined in the New Credit Agreement) or (2) (a) a base rate equal to the greatest of, (i) the federal funds rate, plus 0.5% per annum, (ii) LIBOR for one month interest periods, plus 1.00% per annum or (iii) the rate of interest established by the agent, from time to time, as its prime rate, plus (b) a margin ranging from 0.50% to 1.50% per annum depending on our consolidated leverage ratio. In addition, we incur a commitment fee based on the unused portion of the credit facility at a rate ranging from 0.25% to 0.45% per annum depending on our consolidated leverage ratio.

We also have the right to borrow swingline loans under the New Credit Agreement in an amount up to \$35.0 million. Swingline loans will bear interest at the base rate plus the applicable base rate margin.

Standby letters of credit are permissible under the New Credit Agreement up to an aggregate amount of \$65.0 million. Standby letters of credit are subject to a 0.125% fronting fee and other customary administrative charges. Standby letters of credit will accrue a fee at a rate based on the applicable margin of LIBOR loans.

The New Credit Agreement also contains certain financial covenants. For each quarter ending on or after September 30, 2019, 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 New Credit Agreement). Upon the occurrence of a qualified note offering (as defined in the New Credit Agreement), 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 New Credit Agreement) 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 New Credit Agreement) of at least 2.50 to 1.00. As of December 31, 2019, we were in compliance with these financial covenants.

In addition to rolling the \$516.5 million of borrowings under the Existing Credit Agreement into the New Credit Agreement, we also initially drew \$4.8 million and used \$0.3 million of cash to pay \$2.0 million of accrued interest under the Existing Credit Agreement and to pay \$3.1 million of fees and expenses in connection with entering into the New Credit Agreement. Future borrowings will be used to provide ongoing working capital.

The New Credit Agreement prohibits us from making cash distributions to our unitholders if any event of default occurs or would result from the distribution.

We amended the New Credit Agreement on November 19, 2019 to allow for the GP Purchase.

Finance Lease Obligations

In May 2012, the Predecessor Entity entered into a 15-year master lease agreement with renewal options of up to an additional 20 years with Getty Realty Corporation. Since then, the agreement has been amended from time to time to add or remove retail sites. As of December 31, 2019, we lease 114 sites under this lease with a weighted-average remaining lease term of 7.3 years. We pay fixed rent, which increases 1.5% per year. In addition, the lease requires variable lease payments based on gallons of motor fuel sold.

Because the fair value of the land at lease inception was estimated to represent more than 25% of the total fair value of the real property subject to the lease, the land element of the lease was analyzed for operating or capital treatment separately from the rest of the property subject to the lease. The land element of the lease was classified as an operating lease and all of the other property was classified as a capital lease. This assessment was not required to be reassessed upon adoption of ASC 842. As such, future minimum rental payments are included in both the finance lease obligations table above as well as the operating lease table in Note 12.

The weighted-average discount rate for this finance lease obligation at December 31, 2019 was 3.5%. Interest on this finance lease obligation amounted to \$0.8 million for 2019.

Note 12. OPERATING LEASES

Operating Leases of Retail Sites as Lessee

We lease 391 retail sites from third parties under certain non-cancelable operating leases that expire from time to time through 2033. The weighted-average remaining lease term was 5.8 years as of December 31, 2019.

Lease expense for 2019 as measured under ASC 842 was classified in the statement of income as follows (in thousands):

Cost of sales	\$	27,495
Operating expenses		379
General and administrative expenses		685
Total	\$	<u>28,559</u>

Variable lease payments included in the above table are based on inflation, revenues or volumes and totaled \$1.8 million for 2019. Short-term lease payments included in the table above that are excluded from the lease liability was \$0.6 million for 2019. Cash paid for amounts included in the measurement of lease liabilities under operating leases totaled \$25.8 million for 2019.

Lease expense as measured under ASC 840 was \$21.5 million and \$21.3 million for 2018 and 2017, respectively. Contingent rent expense, based on gallons sold, as measured under ASC 840 was \$1.9 million for 2018 and 2017.

As of December 31, 2019, future minimum rental payments under operating leases, excluding variable lease payments or short-term payments, were as follows (in thousands). The weighted-average discount rate as of December 31, 2019 was 6.9%.

2020	\$	24,359
2021		21,647
2022		20,055
2023		18,019
2024		15,712
Thereafter		66,063
Total future payments		<u>165,855</u>
Less impact of discounting		42,313
		123,542
Current portion		23,485
Long-term portion	\$	<u>100,057</u>

Most lease agreements include provisions for renewals. We generally do not include renewal options in our lease term for purposes of measuring our lease liabilities and right-of-use assets unless the sublease to our customer extends beyond the term of the head lease.

Substantially all these retail sites are then subleased to lessee dealers (including DMS) or commission agents under leases with terms generally ranging from one to ten years and which may include renewal options. Sublease rental income amounted to \$38.2 million for 2019.

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Operating Leases of Retail Sites as Lessor

Motor fuel stations are leased to tenants under operating leases with various expiration dates ranging through 2033. Most lease agreements include provisions for renewals. We generally do not include renewal options in our lease term. Future minimum rental payments under non-cancelable operating leases with third parties and DMS as of December 31, 2019 were as follows (in thousands):

	<u>Third Party</u>	<u>DMS</u>	<u>Total</u>
2020	\$ 58,561	\$ 4,886	\$ 63,447
2021	52,232	4,947	57,179
2022	42,123	5,018	47,141
2023	34,601	5,091	39,692
2024	32,317	5,165	37,482
Thereafter	77,377	18,383	95,760
Total future minimum lease payments	<u>\$ 297,211</u>	<u>\$ 43,490</u>	<u>\$ 340,701</u>

The future minimum rental payments presented above do not include contingent rent based on future inflation, future revenues or volumes of the lessee, or non-lease components for amounts that may be received as tenant reimbursements for certain operating costs.

Deferred rent income from straight-line rent relates to the cumulative amount by which straight-line rental income recorded to date exceeds cash rents billed to date under the lease agreement and totaled \$7.1 million and \$6.3 million at December 31, 2019 and 2018, respectively.

Note 13. RELATED PARTY TRANSACTIONS

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 December 31, 2019 and income statement amounts for transactions with Circle K for the full year of 2019.

Fuel Sales and Rental Income

We sell wholesale motor fuel under a master fuel distribution agreement to 47 Circle K retail sites and lease real property on 46 retail sites to Circle K under a master lease agreement each having initial 10-year terms. The 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>For the Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues from motor fuel sales to Circle K	\$ 153,055	\$ 162,974	\$ 136,649
Rental income from Circle K	13,898	16,791	17,021

Accounts receivable from Circle K for fuel amounted to \$3.1 million and \$2.6 million at December 31, 2019 and 2018, 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. Since July 1, 2015, we have owned a 17.5% total interest in CST Fuel Supply. We account for the income derived from our equity interest of CST Fuel Supply as "Income from CST Fuel Supply equity interests" on our statements of income, which amounted to \$14.8 million, \$14.9 million and \$14.9 million for 2019, 2018, and 2017, respectively. Accounts receivable from Circle K related to this income amounted to \$0.9 million and \$1.0 million at December 31, 2019 and 2018, respectively.

Although Circle K is no longer a related party, we continue to hold an interest in CST Fuel Supply and are continuing to recognize income from CST Fuel Supply equity interests since November 19, 2019. See Note 25 for disclosure of the CST Fuel Supply Exchange.

CROSSAMERICA PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In connection with the CST Merger, the FTC approved a final order requiring the divestiture of certain CST retail fuel stations. As a result, in September 2017, 61 sites were sold to a third party and removed from the fuel distribution agreement between CST Marketing and Supply and CST Services. CST Marketing and Supply no longer supplies fuel to such sites. To compensate for the decrease in the amount of motor fuels sold by CST Marketing and Supply, Circle K agreed to purchase at least 114.9 million gallons annually (the "Annual Commitment") in addition to the volumes continued to be sold under the fuel distribution agreement to retail fuel stations that remain with Circle K after the divestiture. In addition, should Circle-K fail to purchase all or a portion of the Annual Commitment, Circle K has agreed to make monthly payments to CST Marketing and Supply in the amount of the seller's margin of \$0.05 per gallon under the fuel distribution agreement multiplied by the number of gallons not physically sold pursuant to the Annual Commitment. Consequently, the Partnership, by virtue of its 17.5% ownership interest in CST Fuel Supply, the 100% owner of CST Marketing and Supply, will continue to receive its share from the volumes sold to the 61 retail sites prior to the FTC mandated divestiture. This agreement continues until the fuel distribution agreement between CST Marketing and Supply and CST Services is terminated, which had an initial term of 10 years expiring in December 2024.

Supplemental balance sheet information for CST Fuel Supply was as follows (in thousands):

	December 31,	
	2019	2018
Current assets	\$ 58,049	\$ 8,571
Current liabilities	123,102	58,083

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, supplemented by the disclosure of gallons purchased by CST Fuel Supply disclosed in Note 2. 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):

	For the Year Ended December 31,		
	2019	2018	2017
Gross profit	\$ 87,010	\$ 85,998	\$ 86,880
Net income	85,310	84,305	85,174

Supplemental income statement information for CST Fuel Supply was as follows for the four quarters of 2019 and 2018 (in thousands):

	2019 Quarter Ended (Unaudited)			
	March 31	June 30	September 30	December 31
Gross profit	\$ 21,013	\$ 21,870	\$ 23,039	\$ 21,088
Net income	20,604	21,434	22,597	20,675

	2018 Quarter Ended (Unaudited)			
	March 31	June 30	September 30	December 31
Gross profit	\$ 22,152	\$ 21,584	\$ 20,665	\$ 21,597
Net income	21,745	21,162	20,270	21,128

Purchase of Fuel from Circle K

During 2019, we purchased 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 also pay a franchise fee to Circle K, which amounted to \$0.5 million for 2019, \$1.0 million for 2018 and was insignificant for 2017;
- retail sites in which we have a leasehold interest that we acquired from Circle K in March and May of 2018 for \$0.5 million;
- retail sites acquired from CST in February 2015;
- retail sites acquired from Circle K in the first two tranches of the asset exchange; and
- certain other retail sites at which we are evaluating our fuel supply options.

In total, we purchased \$263.5 million, \$191.0 million and \$11.3 million for 2019, 2018 and 2017, 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 amounted to \$0.9 million and \$0.5 million for 2019 and 2018, respectively.

Amounts payable to Circle K related to these fuel purchases and freight commissions totaled \$13.9 million and \$4.3 million at December 31, 2019 and 2018, respectively.

Circle K Omnibus Agreement and Management Fees

We incurred costs and expenses under the Circle K Omnibus Agreement of \$11.6 million (including costs under the Transitional Omnibus Agreement as described below), \$11.8 million and \$13.9 million for 2019, 2018 and 2017, respectively, including incentive compensation costs and non-cash stock-based compensation expense, which are recorded as a component of operating expenses and general and administrative expenses in the statements of income.

In addition, the Partnership recognized charges for severance, benefit and retention costs allocated by Circle K of \$0.1 million and \$0.8 million for 2019 and 2018, respectively. Such costs are included in general and administrative expenses in the statements of income.

On October 29, 2019, the Circle K Omnibus Agreement was amended and restated, effective as of April 29, 2019, to: a) remove references to fixed and variable management fees and call for a simplified quarterly settlement based on actual underlying costs incurred by Circle K; and b) permit for a one-time charge of \$183,000 from Circle K to us related to costs incurred by Circle K in connection with the strategic review of our fuel supply.

Amounts payable to Circle K related to expenses incurred by Circle K on our behalf in accordance with the Circle K Omnibus Agreement, including the separation benefits discussed above, totaled \$11.5 million and \$20.2 million at December 31, 2019 and 2018, respectively. Concurrent with the closing of the GP Purchase, we paid Circle K \$14.2 million of omnibus charges. The liability balance at December 31, 2019 includes \$9.2 million of omnibus charges that will be paid in eight quarterly payments starting March 31, 2020. As such, \$4.6 million is classified within other noncurrent liabilities on the December 31, 2019 balance sheet.

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 has 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. In addition, from January 1, 2020 until the closing of the CST Fuel Supply Exchange (see Note 25), 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.

See Note 25 for disclosure regarding the Topper Group Omnibus Agreement effective January 1, 2020.

CROSSAMERICA PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Common Units Issued to Circle K as Consideration for Amounts due Under the Circle K Omnibus Agreement

As approved by the independent conflicts committee of the Board, the Partnership and Circle K mutually agreed to settle, from time to time, some or all of the amounts due under the terms of the Circle K Omnibus Agreement in newly issued common units representing limited partner interests in the Partnership. We issued the following common units to Circle K as consideration for amounts due under the terms of the Circle K Omnibus Agreement:

<u>Year</u>	<u>Number of Common Units Issued</u>
2017	550,516
2018	292,118

No charges allocated to us by Circle K under the Circle K Omnibus Agreement since the first quarter of 2018 have been settled in common units.

IDR and Common Unit Distributions

We distributed \$0.5 million, \$1.6 million and \$4.3 million to Circle K related to its ownership of our IDRs and \$15.7 million, \$16.2 million and \$17.0 million related to its ownership of our common units during 2019, 2018 and 2017, respectively.

Other Transactions with Circle K

As discussed in Note 7, we sold two properties during 2017 as a result of the FTC's requirements associated with Couche-Tard's acquisition of CST. Circle K agreed to reimburse us for the tax liability incurred on the required sale, resulting in additional proceeds of \$0.3 million, which was accounted for as a contribution to partners' capital.

Also as discussed in Note 7, we sold nine properties during 2018 as a result of the FTC's requirements associated with Couche-Tard's acquisition of Holiday. Since this was a forced divestiture of assets for us, Circle K compensated us with an amount representing the difference between the value of the nine Upper Midwest Sites and the proceeds of the sale to FTC approved third-party buyers, which amounted to \$6.3 million. Circle K's payment to us was received during the fourth quarter of 2018.

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>For the Year Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues from motor fuel sales to DMS	\$ 142,236	\$ 241,151	\$ 241,895
Rental income from DMS	6,326	12,569	18,753

Accounts receivable from DMS totaled \$4.1 million and \$5.6 million at December 31, 2019 and 2018, respectively.

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

- 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. Of the remaining 70 sites covered by the master lease agreement, DMS may sever up to 20 sites and we may sever up to eight sites. No severals may be made in 2019 beyond the 17 sites noted above, and the required notification period for severals was extended from 30 days to 180 days.
- 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.

CROSSAMERICA PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the third quarter of 2019, DMS gave notice to sever 12 sites in January 2020 from the master lease and master fuel supply agreements, resulting in the write-off of deferred rent income of \$0.6 million, classified within the loss on dispositions and lease terminations, net line item of the statement of income.

During the second quarter of 2018, in connection with the transition of 43 sites in Florida from DMS to a third-party multi-site operator of retail motor fuel stations, we accrued a \$3.8 million contract termination payment, which was paid to DMS during the third quarter of 2018. This payment was approved by the independent conflicts committee of our Board. Additionally, we recorded a \$2.4 million charge primarily to write off deferred rent income related to our recapture of these sites from the master lease agreement with DMS. These charges are included in loss on dispositions and lease terminations, net in the statement of income. See Note 2 for additional information on the agreements entered into with the third-party multi-site operator.

As discussed in Note 7, DMS renewed its contract with one of its customers, triggering a \$0.8 million earn-out payment by DMS to us in 2017 under a contract entered into with DMS at the time of CST acquiring our General Partner in October 2014.

Also as discussed in Note 7, we sold 29 properties to DMR during 2017 for \$18.9 million, resulting in a gain of \$0.8 million.

Revenue from rental income from TopStar, a related party of Mr. Topper, was \$0.3 million, \$0.3 million and \$0.5 million for 2019, 2018 and 2017, respectively.

CrossAmerica leases real estate from the Topper Group. Rent expense paid under these lease agreements was \$1.1 million, \$1.0 million and \$0.9 million for 2019, 2018 and 2017, respectively.

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 \$1.0 million, \$1.8 million and \$1.5 million for 2019, 2018 and 2017, respectively. Accounts payable to this related party amounted to \$0.1 million and \$0.4 million at December 31, 2019 and 2018, respectively.

Principal Executive Offices

Our principal executive offices are in Allentown, Pennsylvania. We sublease office space from the Topper Group (formerly Circle K) that the Topper Group leases from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of our Board. The management fee charged by Circle K to us under the Circle K Omnibus Agreement incorporates this rental expense, which amounted to \$0.7 million for 2019, 2018 and 2017.

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 amounted to \$0.1 million for 2019, 2018 and 2017.

Note 14. 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.

CROSSAMERICA PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The table below presents a rollforward of our environmental liability (in thousands):

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 3,614	\$ 3,537
Provision for new environmental losses	292	918
Changes in estimates for previously incurred losses	354	104
Payments	<u>(870)</u>	<u>(945)</u>
Balance at end of year	3,390	3,614
Current portion, included within accrued expenses and other current liabilities	<u>1,520</u>	<u>1,450</u>
Long-term portion, included within other long-term liabilities	<u>\$ 1,870</u>	<u>\$ 2,164</u>

At December 31, 2019, we were indemnified by third-party escrow funds, state funds or insurance totaling \$2.8 million, which are recorded as indemnification assets and included within other noncurrent assets on the balance sheet. 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 reserves 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. As such, these environmental liabilities and indemnification assets are not recorded on the balance sheet of the Partnership.

Note 15. 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 distributions. The following provides total annual future minimum volume purchase requirements (in thousands of gallons):

2020	463,521
2021	436,153
2022	427,584
2023	363,250
2024	251,917
Thereafter	978,600
Total	<u>2,921,025</u>

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 in 2019, 2018 or 2017.

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.

Note 16. FAIR VALUE MEASUREMENTS

General

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. The following is a description of the three hierarchy levels.

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Active markets are considered to be those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets.

Level 3—Unobservable inputs are not corroborated by market data. This category is comprised of financial and non-financial assets and liabilities whose fair value is estimated based on internally developed models or methodologies using significant inputs that are generally less readily observable from objective sources.

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 2019 or 2018.

As further discussed in Note 18, we have accrued for unvested phantom 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. Such fair value measurements are deemed Level 1 measurements.

Financial Instruments

The fair value of our accounts receivable, notes receivable, and accounts payable approximated their carrying values as of December 31, 2019 and 2018 due to the short-term maturity of these instruments. The fair value of the revolving credit facility approximated its carrying value of \$519.0 million as of December 31, 2019 and \$498.0 million as of December 31, 2018, due to the frequency with which interest rates are reset and the consistency of the market spread.

Note 17. PARTNERS' CAPITAL

We issued common units (net of units withheld for income taxes) as a result of the vesting of phantom units and conversion of profits interests previously issued primarily to Circle K employees who provide services principally to CrossAmerica totaling 50,328 common units in 2019, 40,534 common units in 2018 and 35,993 common units in 2017. See Note 18 for additional information.

See Note 13 for information regarding the issuance of common units to Circle K as payment of a portion of the amounts due under the terms of the Circle K Omnibus Agreement.

Distributions

Quarterly distribution activity to common unitholders for 2019 was 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, 2018	February 11, 2019	February 19, 2019	0.5250	18,099
March 31, 2019	May 6, 2019	May 13, 2019	0.5250	18,099
June 30, 2019	July 30, 2019	August 6, 2019	0.5250	18,115
September 30, 2019	November 5, 2019	November 12, 2019	0.5250	18,115
December 31, 2019	February 3, 2020	February 10, 2020	0.5250	18,111

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.

Note 18. EQUITY-BASED COMPENSATION

Partnership Equity-Based Awards

The maximum number of common units that may be delivered with respect to awards under the Plan is 1,505,000. Generally, the Plan provides for grants of restricted units, unit options, performance awards, phantom units, unit awards, unit appreciation rights, distribution equivalent rights, and other unit-based awards, with various limits and restrictions attached to these awards on a grant-by-grant basis. The Plan is administered by the Board or a committee thereof.

The Board may terminate or amend the Plan at any time with respect to any common units for which a grant has not yet been made. The Board also has the right to alter or amend the Plan or any part of the Plan from time to time, including increasing the number of common units that may be granted, subject to unitholder approval as required by the exchange upon which common units are listed at that time; however, no change in any outstanding grant may be made that would adversely affect the rights of a participant with respect to awards granted to a participant prior to the effective date of such amendment or termination, except that the Board may amend any award to satisfy the requirements of Section 409A of the Internal Revenue Code. The Plan will expire on the tenth anniversary of its approval, when common units are no longer available under the Plan for grants or upon its termination by the Board, whichever occurs first.

The table below summarizes our equity-based award activity:

	<u>Employees of Circle K</u>		<u>Directors</u>	<u>Total</u>
	<u>Phantom Units</u>	<u>Phantom Performance Units</u>	<u>Phantom Units</u>	
Nonvested at December 31, 2017	2,620	—	10,539	13,159
Granted	—	14,301	15,580	29,881
Forfeited	—	(694)	—	(694)
Vested/Redeemed	(1,793)	—	(10,539)	(12,332)
Nonvested at December 31, 2018	827	13,607	15,580	30,014
Granted	—	14,712	18,481	33,193
Forfeited	—	(717)	—	(717)
Vested/Redeemed	(827)	(27,602)	(32,020)	(60,449)
Nonvested at December 31, 2019	—	—	2,041	2,041

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The GP Purchase constitutes a change in control under the Partnership's 2012 Incentive Award Plan and accelerated vesting of all outstanding equity-based awards under the Plan, converting such awards into the same number of common units of the Partnership.

The nonvested phantom units granted to non-employee directors of the Board as a portion of director compensation outstanding as of December 31, 2019, will vest in July 2020. These awards were accompanied by tandem distribution equivalent rights that entitle the holder to cash payments equal to the amount of unit distributions authorized to be paid to the holders of our common units.

Since we grant awards to non-employee directors of the Board, and since the grants may be settled in cash, unvested phantom units receive fair value variable accounting treatment. As such, they are measured at fair value at each balance sheet reporting date and the cumulative compensation cost recognized is classified as a liability, which is included in accrued expenses and other current liabilities on the consolidated balance sheet. The balance of the accrual was insignificant at December 31, 2019 and 2018.

We record equity-based compensation as a component of general and administrative expenses in the statements of income. Equity-based compensation expense was \$0.9 million for 2019, which includes approximately \$0.5 million of expense recognized upon the accelerated vesting of awards concurrent with the GP Purchase. Equity-based compensation expense was insignificant for 2018 and 2017.

CST Equity-Based Awards

Before the CST Merger was completed, CST granted equity-based awards of approximately 47,000 in the form of time vested restricted stock units of CST, stock options of CST and market share units of CST in 2017, which were granted to certain employees of CST for services rendered on our behalf. Equity-based compensation expense charged to us under the Circle K Omnibus Agreement amounted to \$0.3 million, \$0.3 million and \$1.7 million for 2019, 2018 and 2017, respectively.

At the completion of the CST Merger, each CST stock option, restricted stock unit and market share unit that was outstanding immediately prior to the completion of the CST Merger, excluding the CST restricted stock units granted in February 2017, whether vested or unvested, became fully vested and converted into the right to receive a cash payment as defined in the CST Merger Agreement. The Partnership was allocated a \$0.4 million charge upon the accelerated vesting of these awards, included in the expense amounts for 2017 set forth above.

Note 19. INCOME TAXES

Section 7704 of the Internal Revenue Code provides that publicly traded partnerships are, as a general rule, taxed as corporations. However, an exception, referred to as the "Qualifying Income Exception," exists under Section 7704(c) with respect to publicly traded partnerships of which 90% or more of the gross income for every taxable year consists of "qualifying income."

Substantially all of the Partnership's income is "qualifying income" for federal income tax purposes and, therefore, is not subject to federal income taxes at the partnership level. Accordingly, no provision has been made for income taxes on the qualifying income in the Partnership's financial statements. Net income for financial statement purposes may differ significantly from taxable income reportable to unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Partnership Agreement. Individual unitholders have different investment basis depending upon the timing and price at which they acquired their common units. Further, each unitholder's tax accounting, which is partially dependent upon the unitholder's tax position, differs from the accounting followed in the Partnership's financial statements. Accordingly, the aggregate difference in the basis of the Partnership's net assets for financial and tax reporting purposes cannot be readily determined because information regarding each unitholder's tax attributes in the Partnership is not available to the Partnership.

As a limited partnership, we are not subject to federal and state income taxes. However, our corporate subsidiaries are subject to income taxes. The Partnership is subject to the 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 Partnership's non-qualifying income did not exceed the statutory limit in any period presented.

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Certain activities that generate non-qualifying income are conducted through LGWS. LGWS is a tax paying corporate subsidiary of ours that is subject to federal and state income taxes. 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 expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Partnership calculates its current and deferred tax provision based on estimates and assumptions that could differ from actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified.

The Tax Cuts and Jobs Act made changes that affect us including (1) reducing the federal corporate income tax rate to 21 percent beginning January 1, 2018, and (2) providing for the immediate expensing for tax purposes for certain qualified depreciable assets placed in service after September 27, 2017. As a result of the rate change, we recognized a net tax benefit of \$13.2 million in 2017 due to the reduction of our net deferred tax liability.

Components of income tax expense related to net income were as follows (in thousands):

	For the Year Ended December 31,		
	2019	2018	2017
Current			
U.S. federal	\$ (4,865)	\$ 1,117	\$ 210
U.S. state	66	411	406
Total current	(4,799)	1,528	616
Deferred			
U.S. federal	4,895	(2,737)	(16,064)
U.S. state	(1,326)	(1,524)	(2,789)
Total deferred	3,569	(4,261)	(18,853)
Income tax benefit	\$ (1,230)	\$ (2,733)	\$ (18,237)

The difference between the actual income tax provision and income taxes computed by applying the U.S. federal statutory rate to earnings (losses) before income taxes is attributable to the following (in thousands):

	For the Year Ended December 31,		
	2019	2018	2017
Consolidated income from continuing operations before income taxes - all domestic	\$ 16,846	\$ 2,513	\$ 4,939
Income from continuing operations before income taxes of non-taxable entities	(16,902)	(8,881)	(7,769)
Loss from continuing operations before income taxes of corporate entities	(56)	(6,368)	(2,830)
Federal income tax benefit at statutory rate	(11)	(1,337)	(962)
Increase (decrease) due to:			
Nondeductible expenses	54	132	384
Basis difference of acquired assets	—	(648)	—
Tax on gains not recognized for book income	—	—	112
Change in valuation allowance	—	—	(3,713)
State income taxes, net of federal income tax benefit	(995)	(880)	(878)
Non-taxable refund	(278)	—	—
Rate change	—	—	(13,180)
Total income tax benefit	\$ (1,230)	\$ (2,733)	\$ (18,237)

CROSSAMERICA PARTNERS LP
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The tax effects of significant temporary differences representing deferred income tax assets and liabilities were as follows (in thousands):

	December 31,	
	2019	2018
Deferred income tax assets:		
Deferred rent expense	\$ 256	\$ 1,167
Operating and finance lease obligations	26,003	13,626
Asset retirement obligations	8,075	7,593
Intangible assets	8,736	1,593
Other assets	2,535	1,280
Total deferred income tax assets	45,605	25,259
Deferred income tax liabilities:		
Deferred rent income	1,249	1,081
Property and equipment	44,095	43,873
Right-of-use assets	19,630	—
Other liabilities	—	234
Total deferred income tax liabilities	64,974	45,188
Net deferred income tax liabilities	\$ 19,369	\$ 19,929

As discussed in Note 2, we removed \$5.2 million of deferred tax assets primarily related to our previous sale-leaseback transactions as part of our January 1, 2019 transition adjustment in connection with the adoption of ASC 842. Additionally, we recorded a deferred tax asset relating to operating lease liabilities and a deferred tax liability related to right-of-use assets as a result of this new guidance.

As discussed in Note 3, we removed \$4.8 million of net deferred tax liabilities and recorded income taxes payable of \$5.1 million with respect to the divested sites in connection with the closing of the First Asset Exchange. We also recorded \$2.3 million of net deferred tax assets with respect to the acquired sites in connection with the closing of the First Asset Exchange. Also as discussed in Note 3, we removed \$0.2 million of net deferred tax assets and recorded income taxes payable of \$2.1 million with respect to the divested sites in connection with the closing of the Second Asset Exchange. We also recorded \$2.4 million of net deferred tax assets with respect to the acquired sites in connection with the closing of the Second Asset Exchange. Each of these adjustments was recorded through equity based on accounting guidance for transactions between entities under common control.

A valuation allowance is required when it is more likely than not that all or a portion of a deferred tax asset will not be realized. All available evidence, both positive and negative, must be considered in determining the need for a valuation allowance. Positive evidence considered in our 2017 assessment included: 1) reversals of taxable temporary differences in future tax years; 2) an observable history of reporting taxable income; 3) projections of future taxable income; 4) feasible and prudent tax planning strategies; and 5) the impact of recently enacted tax reform. Under the Tax Cuts and Jobs Act, among other provisions, any net operating losses generated after 2017 can be carried forward indefinitely. This change, in part, allows for the consideration as a future source of taxable income, reversals of deferred tax liabilities related to indefinite lived liabilities. This income is sufficient to offset the indefinite lived asset generated by the reversals and provides additional positive evidence of future income allowing for the release of the valuation allowance. The release resulted in a tax benefit of \$3.7 million in 2017.

Changes in the valuation allowance account consisted of the following for 2017 (in thousands):

Balance at December 31, 2016	\$ 5,495
Charged to costs and expenses (a)	(5,495)
Balance at December 31, 2017	\$ —

- (a) Of the 2017 amount charged to costs and expenses, \$1.8 million primarily relates to the reduction in the tax rate used to compute the valuation allowance as a result of the Tax Cuts and Jobs Act.

CROSSAMERICA PARTNERS LP
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We record an accrual for federal, state and local and uncertain tax positions. The development of these tax positions requires subjective, critical estimates and judgments about tax matters, potential outcomes and timing. Although the outcome of potential tax examinations is uncertain, in management's opinion, adequate provisions for income taxes have been made for potential liabilities resulting from these reviews. If actual outcomes differ materially from these estimates, they could have a material impact on our financial condition and results of operations. Differences between actual results and assumptions, or changes in assumptions in future periods, are recorded in the period they become known. To the extent additional information becomes available prior to resolution, such accruals are adjusted to reflect probable outcomes.

We did not have unrecognized tax benefits at December 31, 2019 or 2018. Our practice is to recognize interest and penalties related to income tax matters in income tax expense. We had no material interest and penalties for 2019, 2018 and 2017.

We file income tax returns with the U.S. federal government as well as the many state jurisdictions in which we operate. The statute remains open for tax years 2016 through 2019; therefore, these years remain subject to examination by federal, state and local jurisdiction authorities.

Note 20. NET INCOME PER LIMITED PARTNER UNIT

Under the Partnership Agreement, the holders of our IDRs had an interest in distributions from us that are increasing percentages starting at 15% of quarterly distributions out of the operating surplus (as defined in our Partnership Agreement) in excess of \$0.5031 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.

See Note 25 for disclosure regarding the elimination of the IDRs, which closed on February 6, 2020.

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):

	<u>Years Ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Numerator:			
Distributions paid	\$ 72,427	\$ 75,599	\$ 83,786
Allocation of distributions in excess of net income	(54,884)	(71,927)	(64,965)
Limited partners' interest in net income - basic and diluted	<u>\$ 17,543</u>	<u>\$ 3,672</u>	<u>\$ 18,821</u>
Denominator:			
Weighted average limited partnership units outstanding - basic	34,454,369	34,345,298	33,844,823
Adjustment for phantom units ^(a)	30,432	—	10,522
Weighted average limited partnership units outstanding - diluted	<u>34,484,801</u>	<u>34,345,298</u>	<u>33,855,345</u>
Net income per limited partnership unit - basic and diluted	<u>\$ 0.51</u>	<u>\$ 0.11</u>	<u>\$ 0.56</u>
Distributions paid per common unit	\$ 2.1000	\$ 2.2025	\$ 2.4800
Distributions declared (with respect to each respective period) per common unit	\$ 2.1000	\$ 2.1000	\$ 2.4950

(a) Excludes 19,075 potentially dilutive securities from the calculation of diluted earnings per common unit because to do so would be antidilutive for 2018.

CROSSAMERICA PARTNERS LP
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Note 21. 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 retail 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):

	Wholesale	Retail	Unallocated	Consolidated
Year Ended December 31, 2019				
Revenues from fuel sales to external customers	\$ 1,609,547	\$ 397,474	\$ —	\$ 2,007,021
Intersegment revenues from fuel sales	306,070	—	(306,070)	—
Revenues from food and merchandise sales	—	49,382	—	49,382
Rent income	81,427	8,712	—	90,139
Other revenue	2,887	—	—	2,887
Total revenues	\$ 1,999,931	\$ 455,568	\$ (306,070)	\$ 2,149,429
Income from CST Fuel Supply equity interests	\$ 14,768	\$ —	\$ —	\$ 14,768
Operating income (loss) ^(a)	\$ 113,299	\$ 3,189	\$ (73,166)	\$ 43,322
Year Ended December 31, 2018				
Revenues from fuel sales to external customers	\$ 1,713,227	\$ 546,061	\$ —	\$ 2,259,288
Intersegment revenues from fuel sales	425,610	—	(425,610)	—
Revenues from food and merchandise sales	—	97,603	—	97,603
Rent income	77,404	8,238	—	85,642
Other revenue	3,384	—	—	3,384
Total revenues	\$ 2,219,625	\$ 651,902	\$ (425,610)	\$ 2,445,917
Income from CST Fuel Supply equity interests	\$ 14,948	\$ —	\$ —	\$ 14,948
Operating income (loss)	\$ 117,848	\$ 8,429	\$ (91,265)	\$ 35,012
Year Ended December 31, 2017				
Revenues from fuel sales to external customers	\$ 1,521,408	\$ 380,387	\$ —	\$ 1,901,795
Intersegment revenues from fuel sales	281,561	—	(281,561)	—
Revenues from food and merchandise sales	—	104,362	—	104,362
Rent income	79,344	6,970	—	86,314
Other revenue	2,356	—	—	2,356
Total revenues	\$ 1,884,669	\$ 491,719	\$ (281,561)	\$ 2,094,827
Income from CST Fuel Supply equity interests	\$ 14,906	\$ —	\$ —	\$ 14,906
Operating income (loss)	\$ 108,624	\$ 5,737	\$ (81,942)	\$ 32,419

CROSSAMERICA PARTNERS LP
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- (a) As discussed in Note 2, as a result of the adoption of ASC 842, operating income for 2019 is not comparable to operating income for 2018 and 2017. Most significantly, payments on our previous failed sale-leaseback obligations were characterized as principal and interest expense in periods prior to 2019. Starting in 2019, these payments are characterized as rent expense and thus reduce operating income. These payments for the Wholesale and Retail segments amounted to approximately \$6.7 million and \$0.5 million for 2019.

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

	December 31,	
	2019	2018
Receivables from fuel and merchandise sales	\$ 27,141	\$ 19,247
Receivables for rent and other lease-related charges	9,318	6,610
Total accounts receivable	\$ 36,459	\$ 25,857

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 \$6.5 million and \$5.7 million at December 31, 2019 and 2018, respectively. Amortization of such costs is recorded against operating revenues and amounted to \$1.0 million, \$0.9 million and \$0.6 million for 2019, 2018 and 2017, respectively.

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

Dealerization of Our Remaining Company Operated Sites

When we convert company owned retail sites from our Retail segment to lessee dealers in our Wholesale segment, we no longer generate revenues from the retail sale of motor fuel or merchandise at these stores subsequent to the date of conversion and we no longer incur retail operating expenses related to these retail sites. However, we continue to supply these retail sites with motor fuel on a wholesale basis pursuant to the fuel supply contract with the lessee dealer. Further, we continue to own or lease the property and earn rental income under lease/sublease agreements with the lessee dealers under triple net leases. The lessee dealer owns all motor fuel and convenience merchandise and retains all gross profit on such operating activities.

In June 2019, we entered into master fuel supply and master lease agreements with Applegreen. During the third quarter of 2019, we dealerized 46 company operated Upper Midwest sites. The master fuel supply and master lease agreements have an initial 10-year term with four 5-year renewal options. Base rent generally increases by 1.5% annually, including during the renewal options. Applegreen has the right to sever up to 10 specifically identified sites, for which notice must be provided prior to the end of the first year, and the effective date will be after the second year. Applegreen has the right to sever up to eight of the remaining 36 sites with proper notice. We have committed to making certain EMV upgrades at these 46 sites totaling approximately \$2.2 million by October 1, 2020.

In connection with the conversion of these company operated sites in our Retail segment to lessee dealer sites in our Wholesale segment, we recognized a \$0.5 million loss on sale of inventory to Applegreen, classified within the loss on dispositions and lease terminations, net line item of the statement of income. As further discussed in Note 9, we also reassigned \$4.5 million of goodwill from the Retail segment to the Wholesale segment.

As a result of this transition, we have not had any company operated sites since September 30, 2019. See Note 25 for information regarding the acquisition of retail and wholesale assets from the Topper Group and certain other parties.

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Note 22. 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):

	For the Year Ended December 31,		
	2019	2018	2017
Decrease (increase):			
Accounts receivable	\$ (10,997)	\$ 12,514	\$ 1,263
Accounts receivable from related parties	(1,951)	4,271	(666)
Inventories	7,244	362	863
Other current assets	(868)	(66)	(1,718)
Other assets	(2,697)	(137)	(3,248)
Increase (decrease):			
Accounts payable	12,404	(3,157)	886
Accounts payable to related parties (a)	(12,923)	(1,853)	14,778
Motor fuel taxes payable	1,871	(1,637)	(226)
Accrued expenses and other current liabilities	(7,896)	1,364	1,708
Other long-term liabilities	7,180	(1,645)	(83)
Changes in operating assets and liabilities, net of acquisitions	\$ (8,633)	\$ 10,016	\$ 13,557

(a) Includes a \$14.2 million payment to Circle K as partial settlement of omnibus charges; see Note 13 for additional information.

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):

	For the Year Ended December 31,		
	2019	2018	2017
Cash paid for interest	\$ 26,344	\$ 31,201	\$ 25,984
Cash paid for income taxes, net of refunds received	3,296	1,580	1,756

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

	For the Year Ended December 31,		
	2019	2018	2017
Circle K Omnibus Agreement fees settled in our common units	\$ —	\$ 6,518	\$ 14,033
Sale of property and equipment in Section 1031 like-kind exchange transactions	—	—	(1,650)
Issuance of capital lease obligations and recognition of asset retirement obligation related to Getty lease	—	—	740
Lease liabilities arising from obtaining right-of-use assets	2,879	—	—
Net charge to equity as a result of the Closed Asset Exchange Transactions	(7,410)	—	—

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Note 23. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table summarizes quarterly financial data for 2019 and 2018 (in thousands):

	2019 Quarter Ended			
	March 31	June 30	September 30	December 31
Operating revenues	\$ 471,786	\$ 605,528	\$ 559,736	\$ 512,379
Gross profit	37,077	41,370	41,145	35,045
Operating income	7,612	13,920	12,349	9,441
Net income attributable to limited partners	212	6,441	7,165	4,258
Basic and diluted earnings per common unit ^(a)	0.00	0.18	0.20	0.12

	2018 Quarter Ended			
	March 31	June 30	September 30	December 31
Operating revenues	\$ 554,570	\$ 673,295	\$ 670,810	\$ 547,242
Gross profit	39,951	43,972	43,798	45,074
Operating income (loss)	7,424	(1,568)	13,652	15,504
Net income (loss) attributable to limited partners	(805)	(6,935)	5,308	7,683
Basic and diluted earnings (loss) per common unit ^(a)	(0.06)	(0.21)	0.15	0.22

(a) Earnings (loss) per common unit amounts are computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share amounts may not equal the annual earnings per share amounts.

Note 24. SEPARATION BENEFITS

As discussed in Note 21, 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 is anticipated to be paid in the first quarter of 2020.

During the second quarter of 2017, the Partnership recognized a \$5.4 million charge for severance and benefit costs associated with certain officers and other employees of CST Services who provided services to the Partnership and who terminated employment upon the consummation of the CST Merger, which constituted a change in control, as defined in the EICP and CST's severance plans. Such costs are included in general and administrative expenses and were paid by Circle K in 2017.

In addition, certain participants in the EICP received retention bonuses that were paid in annual installments that began in July 2017 and continued through July 2019. The Partnership recorded charges totaling \$0.1 million, \$0.8 million and \$1.7 million related to these payments during 2019, 2018 and 2017, respectively, which were included in general and administrative expenses.

We also recognized a \$1.7 million charge in 2017 for additional EICP severance payments, also included in general and administrative expenses.

Accounts payable and other long-term liabilities at December 31, 2019 and accounts payable to related parties at December 31, 2018 includes all the components above as we will reimburse Circle K. See Note 13 for additional information regarding the timing of reimbursement.

The following table presents a rollforward of accrued separation benefits:

	2019	2018
Balance at beginning of year	\$ 9,313	\$ 8,569
Provision for separation benefits	417	770
Separation benefits paid	(3)	(26)
Balance at end of year	<u>\$ 9,727</u>	<u>\$ 9,313</u>

Note 25. SUBSEQUENT EVENTS AND PENDING TRANSACTIONS

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 of directors of the General Partner, 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.

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, which is controlled by Joseph V. Topper, Jr., the Chairman of the Board.

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 20 business day volume weighted average trading price of our common units ended 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 Equity Restructuring Closing, 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 will amend and restate 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.

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

CST Fuel Supply Exchange Agreement

On November 19, 2019, the Partnership entered into an Exchange Agreement (the “CST Fuel Supply Exchange Agreement”) with Circle K. Pursuant to the CST Fuel Supply Exchange Agreement, Circle K has agreed to transfer to the Partnership 45 owned and leased convenience store properties (the “Properties”) and related assets (including fuel supply agreements) relating to such Properties, and U.S. wholesale fuel supply contracts covering 387 additional sites (the “DODO Sites”), and, in exchange, the Partnership has agreed to transfer to Circle K 100% of the limited partnership units in CST Fuel Supply LP that are owned by the Partnership, which represent 17.5% of the outstanding units of CST Fuel Supply LP (collectively, the “CST Fuel Supply Exchange”).

The assets being exchanged by Circle K include (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 and located on the Properties, including all underground storage tanks located on the Properties, and owned by Circle K, (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 goodwill and other intangible assets associated with the foregoing assets (collectively, the “Assets”). The Partnership will also assume certain liabilities associated with the Assets.

The closing of the CST Fuel Supply Exchange is expected to occur in the first quarter of 2020 and is subject to the satisfaction or waiver of customary closing conditions. The CST Fuel Supply Exchange Agreement contains customary representations, warranties, agreements and obligations of the parties, including covenants regarding the conduct by Circle K with respect to the Assets prior to closing. 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. The CST Fuel Supply Exchange Agreement may be terminated, among other ways, by mutual written consent of the Partnership and Circle K.

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 “ERA”), which agreement sets forth the parties’ respective liabilities and obligations with respect to environmental matters relating to the Properties. As further described in the ERA, 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.

We are in the process of amending our credit facility to allow for the divestiture of our investment in CST Fuel Supply.

Retail and Wholesale Acquisition

In connection with the Partnership’s strategic reorientation to add retail capability, also on January 15, 2020, the Partnership entered into an asset purchase agreement (“Asset Purchase Agreement”) with the sellers (“Sellers”) signatories thereto, including DMS and certain of DMS’s affiliates, with respect to the acquisition (the “Retail Acquisition”) by the Partnership from the Sellers of the retail operations at 172 sites, wholesale fuel distribution to 114 sites, including 55 third-party wholesale dealer contracts, and leasehold interests in at least 53 sites, for an aggregate consideration of \$21 million in cash and 842,891 in newly-issued common units valued at \$15 million and calculated based on the 20-day VWAP. The Partnership will also acquire for cash the inventory related to the sites. The Partnership expects to finance the aggregate cash consideration with borrowings under its credit facility.

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In addition, the parties agreed to perform 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.

The closing of the transactions contemplated by the Asset Purchase Agreement is expected to occur prior to the end of the second quarter of 2020 (such date, the "Retail Acquisition Closing") and is subject to closing conditions and purchase price adjustments customary in comparable transactions. In addition, 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 Retail Acquisition Closing and are limited to an aggregate of \$7.2 million for each party.

In connection with the Retail Acquisition Closing, the Partnership will assume certain contracts with third parties and affiliates necessary for the continued operation of the sites, including agreements with dealers and franchise agreements. Further, the Partnership will enter into ten-year master leases with certain sellers, with an aggregate annual rent of \$6.5 million payable by the Partnership. Additionally, DMS will no longer be a customer or lessee of the Partnership as we will terminate the contracts with DMS upon closing on this transaction.

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

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We refer you to Item 9A in our Form 10-K, in which we concluded our disclosure controls and procedures were effective as of December 31, 2019. In light of the supplemental financial information omitted from the Form 10-K and included in this Amendment and the omission of audited financial statements of CST Fuel Supply (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 December 31, 2019 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.

Internal Control over Financial Reporting

(a) Management's Report on Internal Control over Financial Reporting

The management report on our internal control over financial reporting appears in Item 8 and is incorporated herein by reference.

(b) Attestation Report of the Independent Registered Public Accounting Firm

Grant Thornton LLP's report on our internal control over financial reporting appears in Item 8 and is incorporated herein by reference.

(c) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) **1. Financial Statements.** The following consolidated financial statements of CrossAmerica Partners, LP are included in Part II, Item 8 of this Form 10-K:

	<u>PAGE</u>
Report of Independent Registered Public Accounting Firm	6
Consolidated Balance Sheets as of December 31, 2019 and December 31, 2018	8
Consolidated Statements of Income for the Years Ended December 31, 2019, 2018 and 2017	9
Consolidated Statements of Cash Flows for the Years Ended December 31, 2019, 2018 and 2017	10
Consolidated Statements of Equity and Comprehensive Income for the Years Ended December 31, 2019, 2018 and 2017	11
Notes to Consolidated Financial Statements	12

2. Financial Statement Schedules and Other Financial Information. No financial statement schedules are submitted because either they are inapplicable or because the required information is included in the financial statements or notes thereto.

3. EXHIBITS. Filed as part of this Form 10-K are the following exhibits:

<u>Exhibit No.</u>	<u>Description</u>
2.1	Fuel Supply Contribution Agreement, dated as of June 15, 2015, by and among CST Brands, Inc., CST Services LLC and CrossAmerica Partners LP (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on June 15, 2015)
2.2	Real Estate Contribution Agreement, dated as of June 15, 2015, by and among CST Brands, Inc., CST Diamond Holdings LLC, Big Diamond, LLC, Skipper Beverage Company, LLC, CST Shamrock Stations, Inc., CST Arizona Stations, Inc., CrossAmerica Partners LP and Lehigh Gas Wholesale Services, Inc. (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on June 15, 2015)
2.3	Master Lease Agreement, dated October 1, 2014, by and among Lehigh Gas Wholesale Services, Inc., as Landlord, and CAPL Operations I, LLC and CST Services LLC, as Tenants, as subsequently amended by Amendment to Master Lease Agreement, dated April 13, 2015, and Second Amendment to Master Lease Agreement, dated June 15, 2015 (incorporated by reference to Exhibit 2.3 to the Current Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on August 8, 2015)
2.4	Form of Addendum to Master Lease Agreement (incorporated by reference to Exhibit 2.4 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on August 8, 2015)
2.5	Fuel Distribution Agreement, dated January 1, 2015, by and among CST Marketing and Supply LLC, and certain subsidiaries of CST Services LLC (incorporated by reference to Exhibit 2.5 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on August 8, 2015)
2.6	Asset Exchange Agreement, dated December 17, 2018 between Circle K Stores Inc. and CrossAmerica Partners LP (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on December 17, 2018)
2.7	Exchange Agreement, dated as of November 19, 2019, between Circle K Stores, Inc. and CrossAmerica Partners LP (incorporated by reference to Exhibit 2.1 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 21, 2019) **+
3.1	Certificate of Limited Partnership of Lehigh Gas Partners LP (incorporated herein by reference to Exhibit 3.1 to the Registration Statement on Form S-1 for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on May 11, 2012)
3.2	Certificate of Amendment to Certificate of Limited Partnership of Lehigh Gas Partners LP (incorporated by referenced to Exhibit 3.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 3, 2014)
3.3	First Amended and Restated Agreement of Limited Partnership of Lehigh Gas Partners LP, dated October 30, 2012, by and among Lehigh Gas Partners LP, Lehigh Gas GP LLC and Lehigh Gas Corporation (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 30, 2012)

Exhibit No.	Description
3.4	<u>First Amendment to First Amended and Restated Agreement of Limited Partnership of Lehigh Gas Partners LP, dated as of October 1, 2014 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 3, 2014)</u>
3.5	<u>Second Amendment to First Amended and Restated Agreement of Limited Partnership of CrossAmerica Partners LP, dated as of December 3, 2014 (incorporated by reference herein to Exhibit 3.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on December 9, 2014)</u>
3.6	<u>Third Amendment to First Amended and Restated Agreement of Limited Partnership of CrossAmerica Partners LP, dated as of January 1, 2018 (incorporated by reference herein to Exhibit 3.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on January 24, 2018)</u>
3.7	<u>Second Amended and Restated Agreement of Limited Partnership of CrossAmerica Partners LP, dated February 6, 2020 (incorporated by reference herein to Exhibit 3.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 7, 2020)</u>
4.1	<u>Description of Common Units (incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 26, 2020)</u>
10.1	<u>Amended and Restated Omnibus Agreement, dated as of October 1, 2014, by and among Lehigh Gas Partners LP, Lehigh Gas GP LLC, Lehigh Gas Corporation, CST Services, LLC and Lehigh Gas-Ohio LLC (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 3, 2014)</u>
10.2	<u>Amendment effective January 1, 2016 of the Amended and Restated Omnibus Agreement, dated as of October 1, 2014, by and among Lehigh Gas Partners LP, Lehigh Gas GP LLC, Lehigh Gas Corporation, CST Services, LLC and Lehigh Gas-Ohio LLC (incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 28, 2017)</u>
10.3	<u>Second Amendment to the Amended and Restated Omnibus Agreement, dated as of February 1, 2018, by and among CrossAmerica Partners LP, CrossAmerica GP LLC, Dunne Manning Inc., CST Services LLC and Dunne Manning Stores, LLC (incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on August 7, 2018)</u>
10.4	<u>Third Amended and Restated Credit Agreement, dated as of March 4, 2014, by and among the Lehigh Gas Partners LP, as borrower, certain domestic subsidiaries of Lehigh Gas Partners LP from time to time party thereto, the lenders party thereto, and RBS Citizens, N.A., KeyBank National Association and Wells Fargo Securities, LLC, as joint lead arranger and joint bookrunners, Wells Fargo Bank National Association, as co-syndication agent, and KeyBank National Association, as co-syndication agent, Bank of America, N.A., as documentation agent, Manufacturers and Traders Trust Company, as documentation agent, Manufacturers And Traders Trust Company, as co-documentation agent, Royal Bank of Canada, as co-documentation agent, Santander Bank, N.A., as co-documentation agent, and Citizens Bank of Pennsylvania, as administrative agent for the lenders thereunder (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on March 6, 2014)</u>
10.5	<u>First Amendment to Third Amended and Restated Credit Agreement, dated as of July 2, 2014, by and among Lehigh Gas Partners LP, certain domestic subsidiaries of Lehigh Gas Partners LP, the lenders from party thereto, and Citizens Bank of Pennsylvania, as administration agent for the lenders thereunder (incorporated by referenced to Exhibit 10.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on July 3, 2014)</u>
10.6	<u>Waiver, Second Amendment to Third Amended and Restated Credit Agreement and Joinder, dated as of September 30, 2014, by and among Lehigh Gas Partners LP and Lehigh Gas Wholesale Services, Inc., certain domestic subsidiaries of Lehigh Gas Partners LP, the lenders party thereto, and Citizens Bank of Pennsylvania, as administrative agent for the lenders thereunder (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 3, 2014)</u>
10.7	<u>Third Amendment to Third Amended and Restated Credit Agreement dated as of July 26, 2016 (incorporated by referenced to Exhibit 10.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on December 19, 2016)</u>
10.8	<u>Fourth Amendment to Third Amended and Restated Credit Agreement dated as of December 13, 2016 (incorporated by referenced to Exhibit 10.2 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on December 19, 2016)</u>

Exhibit No.	Description
10.9	<u>Fifth Amendment to Third Amended and Restated Credit Agreement dated as of April 25, 2018 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on April 30, 2018)</u>
10.10	<u>Sixth Amendment to Third Amended and Restated Credit Agreement dated as of July 27, 2018 (incorporated by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on August 7, 2018)</u>
10.11	<u>Amendment to PMPA Franchise Agreement, dated as of October 1, 2014, by and between Lehigh Gas Wholesale LLC and Lehigh Gas-Ohio, LLC (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 3, 2014)</u>
10.12	<u>Voting Agreement, dated as of October 1, 2014, by and among CST Brands, Inc., Joseph V. Topper, Jr., The 2004 Irrevocable Agreement of Trust of Joseph V. Topper, Sr. and Lehigh Gas Corporation (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K For CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 3, 2014)</u>
10.13	<u>Lehigh Gas Partners LP 2012 Incentive Award Plan, dated as of July 27, 2012 (incorporated by reference to Exhibit 10.11 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 19, 2016</u>
10.14	<u>Form of Lehigh Gas Partners LP 2012 Incentive Award Plan Award Agreement for Phantom Units granted to executive officers from March 15, 2013 (incorporated herein by reference to Exhibit 10.6(b) to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on March 28, 2013)</u>
10.15	<u>Form of Lehigh Gas Partners LP 2012 Incentive Award Plan Award Agreement for Profits Interests with immediate vesting, granted to directors from March 14, 2014 (incorporated by reference to Exhibit 10.6(b) to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on March 10, 2014)</u>
10.16	<u>Form of Lehigh Gas Partners LP 2012 Incentive Award Plan Award Agreement for Profits Interests, with one-year vesting, granted to directors from March 14, 2014 (incorporated by reference to Exhibit 10.6(c) to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on March 10, 2014)</u>
10.17	<u>Form of Lehigh Gas Partners LP 2012 Incentive Award Plan Award Agreement for Profits Interests granted to executive officers from March 14, 2014 (incorporated by reference to Exhibit 10.6(d) to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on March 10, 2014)</u>
10.18	<u>Form of Lehigh Gas Partners LP 2012 Incentive Award Plan Award Agreement for Phantom Units for Executive Officers with distribution equivalent rights (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on August 8, 2015)</u>
10.19	<u>Form of Lehigh Gas Partners LP 2012 Incentive Award Plan Award Agreement for Phantom Units for Non-Employee Directors with distribution equivalent rights from December 10, 2015 (incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 19, 2016)</u>
10.20	<u>Form of Lehigh Gas Partners LP 2012 Incentive Award Plan Award Agreement for Phantom Performance Units for Executive Officers and Employees with distribution equivalent rights from December 20, 2015 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 7, 2018)</u>
10.21	<u>Lehigh Gas Partners LP Executive Income Continuity Plan (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on May 30, 2014)</u>
10.22	<u>Lehigh Gas Partners LP Executive Income Continuity Plan (as amended) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 7, 2014)</u>
10.23	<u>First Amendment to Amended and Revised CrossAmerica Partners LP Executive Income Continuity Plan, dated September 14, 2016 (incorporated by reference as Exhibit 10.21 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 28, 2017)</u>

Exhibit No.	Description
10.24	<u>Employment Agreement, dated as of October 1, 2014, by and between CST Services LLC and Joseph V. Topper, Jr. (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 3, 2014)</u>
10.25	<u>Master Lease Agreement, dated May 28, 2014, by and among LGP Realty Holdings LP, Lehigh Gas Wholesale Services, Inc. and Lehigh Gas-Ohio, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on May 30, 2014)</u>
10.26	<u>GP Purchase Agreement, dated as of August 6, 2014, by and among Lehigh Gas Corporation, CST GP, LLC and CST Brands, Inc. (incorporated by reference to Exhibit 10.20 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 27, 2015)</u>
10.27	<u>IDR Purchase Agreement, dated as of August 6, 2014, by and among The 2004 Irrevocable Agreement of Trust of Joseph V. Topper, Sr., The 2008 Irrevocable Agreement of Trust of John B. Reilly, Jr., CST Brands Holdings, LLC and CST Brands, Inc. (incorporated by reference to Exhibit 10.21 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 27, 2015)</u>
10.28	<u>Contribution Agreement, dated as of December 16, 2014, by and among CST Brands, Inc., CST Services LLC and CrossAmerica Partners LP (incorporated by reference to Exhibit 10.22 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 27, 2015)</u>
10.29	<u>Form of Indemnification Agreement for directors of the Board and certain officers of CrossAmerica GP LLC (incorporated by reference to Exhibit 10.27 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on August 8, 2017)</u>
10.30	<u>Second Amendment to the Amended and Revised CrossAmerica Partners LP Executive Income Continuity Plan, dated June 26, 2017 (incorporated by reference to Exhibit 10.28 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on August 8, 2017)</u>
10.31	<u>Award Agreement for Phantom Units for Non-Employee Directors with distribution equivalent rights (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 8, 2017)</u>
10.32	<u>Asset Purchase Agreement dated August 4, 2017, by and among CrossAmerica Partners LP and Jet-Pep, Inc. and other persons listed as signatories in the Purchase Agreement (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 8, 2017)</u>
10.33	<u>Credit Agreement, dated as of April 1, 2019, among CrossAmerica Partners LP, as borrower, Lehigh Gas Wholesale Services, Inc., as borrower, certain domestic subsidiaries of CrossAmerica Partners LP and Lehigh Gas Wholesale Services, Inc. from time to time party thereto, as guarantors, the lenders from time to time party thereto, and Citizens Bank, N.A., as administrative agent, swing line lender and L/C issuer (incorporated by reference to Exhibit 10.1 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on April 2, 2019).</u>
10.34	<u>Amendment to PMPA Franchise Agreement, dated January 1, 2019, by and between Lehigh Gas Wholesale LLC and Lehigh Gas-Ohio, LLC (incorporated by reference to Exhibit 10.2 to the Quarterly Report on 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on May 7, 2019)</u>
10.35	<u>Amendment to Master Lease Agreement, dated January 1, 2019, by and among LGP Realty Holdings LP, Lehigh Gas Wholesale Services, Inc. and Lehigh Gas-Ohio, LLC (incorporated by reference to Exhibit 10.3 to the Quarterly Report on 10-Q for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on May 7, 2019)</u>
10.36	<u>Sub-Jobber Agreement, dated as of May 21, 2019, between Circle K Stores Inc. and Lehigh Gas Wholesale LLC (incorporated by reference to Exhibit 10.1 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on May 22, 2019) **+</u>
10.37	<u>Second Amended and Restated Omnibus Agreement effective as of April 29, 2019, by and among CrossAmerica Partners LP, CrossAmerica GP LLC, Dunne Manning Inc., CST Services, LLC, Circle K Stores Inc. and Dunne Manning Stores, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on October 31, 2019) ±</u>
10.38	<u>Amendment to Credit Agreement, dated as of November 19, 2019, among CrossAmerica Partners LP and Lehigh Gas Wholesale Services, Inc., as borrowers, the guarantors from time to time party thereto, the lenders from time to time party thereto and Citizens Bank, N.A., as administrative agent, swing line lender and L/C issuer (incorporated by reference to Exhibit 10.1 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 21, 2019)</u>

Exhibit No.	Description
10.39	Transitional Omnibus Agreement, effective as of November 19, 2019, by and among CrossAmerica Partners LP, CrossAmerica GP LLC and Circle K Stores Inc. (incorporated by reference to Exhibit 10.2 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 21, 2019) **+
10.40	Termination Agreement, dated as of November 19, 2019, by and among CrossAmerica Partners LP, CrossAmerica GP LLC, Dunne Manning Inc., CST Services, LLC, Circle K Stores Inc., Dunne Manning Stores, LLC and Joseph V. Topper, Jr. (incorporated by reference to Exhibit 10.3 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 21, 2019)
10.41	Termination Agreement, dated as of November 19, 2019, by and among CST Brands, LLC, Joseph V. Topper, Jr., 2004 Irrevocable Agreement of Trust of Joseph V. Topper, Sr. and Dunne Manning Inc. (incorporated by reference to Exhibit 10.4 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on November 21, 2019)
10.42	Equity Restructuring Agreement, dated January 15, 2020, among CrossAmerica Partners LP, CrossAmerica GP LLC, and Dunne Manning CAP Holdings II LLC (incorporated by reference to Exhibit 10.1 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on January 16, 2020)
10.43	Asset Purchase Agreement, dated January 15, 2020, among CrossAmerica Partners LP, with the sellers signatories thereto, including Dunne Manning Stores LLC, and certain of its affiliates (incorporated by reference to Exhibit 10.2 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on January 16, 2020)
10.44	Omnibus Agreement, effective as of January 1, 2020, by and among CrossAmerica Partners LP, CrossAmerica GP LLC and Dunne Manning Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on 8-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on January 16, 2020) ±
21.1	List of Subsidiaries of CrossAmerica Partners LP (incorporated by reference to Exhibit 21.1 to the Annual Report on Form 10-K for CrossAmerica Partners LP, filed with the Securities and Exchange Commission on February 26, 2020)
23.1 *	Consent of Grant Thornton LLP
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.

+ Non-material schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Partnership hereby undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.

** Certain identified information has been omitted pursuant to Item 601(b)(10) of Regulation S-K. The Partnership hereby undertakes to furnish supplemental copies of the unredacted exhibit upon request by the SEC.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) 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

(On behalf of the registrant, and in the capacity of Principal Executive Officer)

Date: January 21, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 25, 2020 (except for the supplemental balance sheet and income statement information for CST Fuel Supply LP for each of the three years in the period ended December 31, 2019 in Note 13, as to which the date is January 21, 2021), with respect to the consolidated financial statements, and dated February 25, 2020 with respect to internal control over financial reporting, both included in the Annual Report of CrossAmerica Partners LP on Amendment No. 1 to Form 10-K for the year ended December 31, 2019. We consent to the incorporation by reference of said reports in the Registration Statements of CrossAmerica Partners LP on Forms S-3 (File No. 333-214713 and File No. 333-192035) and on Form S-8 (File No. 333-184651).

/s/ GRANT THORNTON LLP

Arlington, Virginia
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 annual report on Form 10-K/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 annual report on Form 10-K/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 Annual Report on Form 10-K/A of CrossAmerica Partners LP (the "Partnership") for the year ended December 31, 2019, 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 Annual Report on Form 10-K/A of CrossAmerica Partners LP (the "Partnership") for the year ended December 31, 2019, 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.