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

FORM 10-K

(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, 2020

OR

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

For the transition period from _____________ to _____________

Commission File No. **001-35711**

CROSSAMERICA PARTNERS LP
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**45-4165414** (I.R.S. Employer Identification No.)
600 Hamilton Street, Suite 500 **Allentown, PA** (Address of Principal Executive Offices)	**18101** (Zip Code) **(610) 625-8000** (Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units	CAPL	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, 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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 30, 2020, the last business day of the registrant's most recently completed second fiscal quarter, held by non-affiliates of the registrant was approximately $260.4 million.

As of February 22, 2021, the registrant had outstanding 37,868,046 common units.

Documents Incorporated by Reference: None.

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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
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 or 2020:

Circle K	Circle K Stores Inc., a Texas corporation, and a wholly owned subsidiary of Couche-Tard
Couche-Tard	Alimentation Couche-Tard Inc. (TSX: ATD.A ATD.B)
CST	CST Brands, LLC, which merged into Circle K Stores. Inc. on February 28, 2020, and subsidiaries, indirectly owned by Circle K
CST Fuel Supply	CST Fuel Supply LP is the parent of CST Marketing and Supply, indirectly owned by Circle K. From July 1, 2015 through March 25, 2020, we owned a 17.5% limited partner interest in CST Fuel Supply. See Note 4 to the financial statements for information regarding the closing of the CST Fuel Supply Exchange.
CST Marketing and Supply	CST Marketing and Supply, LLC, indirectly owned by Circle K. It is CST's wholesale motor fuel supply business, which provides wholesale fuel distribution to the majority of CST's legacy U.S. retail convenience stores on a fixed markup per gallon.
CST Services	CST Services LLC, a wholly owned subsidiary of Circle K
DMI	Dunne Manning Inc. (formerly Lehigh Gas Corporation), an entity affiliated with the Topper Group
DMP	Dunne Manning Partners LLC, an entity affiliated with the Topper Group and controlled by Joseph V. Topper, Jr. Since November 19, 2019, DMP has owned 100% of the membership interests in the sole member of the General Partner.
DMS	Dunne Manning Stores LLC (formerly known as Lehigh Gas-Ohio, LLC), an entity affiliated with the Topper Group. Through April 14, 2020, DMS was an operator of retail motor fuel stations. DMS leased retail sites from us in accordance with a master lease agreement and purchased a significant portion of its motor fuel for these sites from us on a wholesale basis under rack plus pricing. The financial results of DMS are not consolidated with ours. See Note 5 to the financial statements regarding the acquisition of retail and wholesale assets from the Topper Group and related termination of the fuel supply and master lease agreements with us.
General Partner	CrossAmerica GP LLC, the General Partner of CrossAmerica, a Delaware limited liability company, indirectly owned by the Topper Group
Topper Group	Joseph V. Topper, Jr., collectively with his affiliates and family trusts that have ownership interests in the Partnership. Joseph V. Topper, Jr. is the founder of the Partnership and a member of the Board. The Topper Group is a related party and large holder of our common units.
TopStar	TopStar Inc., an entity affiliated with a family member of Joseph V. Topper, Jr. TopStar is an operator of convenience stores that leases retail sites from us, and since April 14, 2020, also purchases fuel from us.

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:

ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	Board of Directors of our General Partner
BP	BP p.l.c.
CARES Act	Coronavirus Aid, Relief, and Economic Security Act, an economic stimulus bill signed into law on March 27, 2020 in response to the economic fallout of the COVID-19 Pandemic
CDC	The Center for Disease Control and Prevention
Circle K Omnibus Agreement	The Amended and Restated Omnibus Agreement, dated October 1, 2014, as amended effective January 1, 2016, February 1, 2018 and April 29, 2019 by and among CrossAmerica, the General Partner, DMI, DMS, CST Services and Joseph V. Topper, Jr., which amends and restates the original omnibus agreement that was executed in connection with CrossAmerica's IPO on October 30, 2012. The terms of the Circle K Omnibus Agreement were approved by the independent conflicts committee of the Board. Pursuant to the Circle K Omnibus Agreement, CST Services agreed, among other things, to provide, or cause to be provided, to the Partnership certain management services. See Note 16 to the financial statements for information regarding the termination of this agreement and the concurrent entering into the Transitional Omnibus Agreement.
COVID-19 Pandemic	In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, China. In March 2020, the World Health Organization declared the outbreak a pandemic.
CST Fuel Supply Exchange	Exchange Agreement, dated November 19, 2019, between the Partnership and Circle K, which closed effective March 25, 2020. Pursuant to the Exchange Agreement, Circle K transferred to the Partnership certain owned and leased convenience store properties and related assets (including fuel supply agreements) and wholesale fuel supply contracts covering additional sites, and, in exchange, the Partnership transferred to Circle K 100% of the limited partnership units it held in CST Fuel Supply.
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.
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, 2020
FTC	U.S. Federal Trade Commission
GP Purchase	Purchase by DMP from subsidiaries of Circle K of: 1) 100% of the membership interests in the sole member of the General Partner; 2) 100% of the Incentive Distribution Rights issued by the Partnership; and 3) an aggregate of 7,486,131 common units of the Partnership. These transactions closed on November 19, 2019.
IDRs	Incentive Distribution Rights represented the right to receive an increasing percentage of quarterly distributions after the target distribution levels were achieved. As a result of the GP Purchase, DMP owned 100% of the outstanding IDRs from November 19, 2019 through February 6, 2020. See Note 23 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
Marathon	Marathon Petroleum Company LP
Motiva	Motiva Enterprises, LLC
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 23 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
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 independent 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 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. In addition, from January 1, 2020 until the closing of the CST Fuel Supply Exchange, the General Partner provided Circle K with certain administrative and operational services, on the terms and conditions set forth in the Transitional Omnibus Agreement.
U.S. GAAP	U.S. Generally Accepted Accounting Principles
UST	Underground storage tank
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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, credit ratings, distribution growth, potential growth opportunities, potential operating performance improvements, potential improvements in return on capital employed, the effects of competition and the effects of future legislation or regulations. You can identify our forward-looking statements by the words "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "guidance," "outlook," "effort," "target" and similar expressions. Such statements are based on our current plans and expectations and involve risks and uncertainties that could potentially affect actual results. These forward-looking statements include, among other things, statements regarding:

- future retail and wholesale gross profits, including gasoline, diesel and convenience store merchandise gross profits;
- our anticipated level of capital investments, primarily through acquisitions, and the effect of these capital investments on our results of operations;
- anticipated trends in the demand for, and volumes sold of, gasoline and diesel in the regions where we operate;
- volatility in the equity and credit markets limiting access to capital markets;
- our ability to integrate acquired businesses;
- expectations regarding environmental, tax and other regulatory initiatives; and
- the effect of general economic and other conditions on our business.

In general, we based the forward-looking statements included in this report on our current expectations, estimates and projections about our company and the industry in which we operate. We caution you that these statements are not guarantees of future performance and involve risks and uncertainties we cannot predict. We anticipate that subsequent events and market developments will cause our estimates to change. In addition, we based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, our actual outcomes and results may differ materially from what we have expressed or forecasted in the forward-looking statements. Any differences could result from a variety of factors, including the following:

- the Topper Group's business strategy and operations and the Topper Group's conflicts of interest with us;
- availability of cash flow to pay the current quarterly distributions on our common units;
- the availability and cost of competing motor fuels;
- motor fuel price volatility or a reduction in demand for motor fuels, including as a result of the COVID-19 Pandemic;
- competition in the industries and geographical areas in which we operate;
- the consummation of financing, acquisition or disposition transactions and the effect thereof on our business;
- environmental compliance and remediation costs;
- our existing or future indebtedness and the related interest expense and our ability to comply with debt covenants;
- our liquidity, results of operations and financial condition;
- failure to comply with applicable tax and other regulations or governmental policies;
- future legislation and changes in regulations, governmental policies, immigration laws and restrictions or changes in enforcement or interpretations thereof;
- future regulations and actions that could expand the non-exempt status of employees under the Fair Labor Standards Act;
- future income tax legislation;
- changes in energy policy;
- increases in energy conservation efforts;
- technological advances;
- the impact of worldwide economic and political conditions;

- the impact of wars and acts of terrorism;
- weather conditions or catastrophic weather-related damage;
- earthquakes and other natural disasters;
- hazards and risks associated with transporting and storing motor fuel;
- unexpected environmental liabilities;
- the outcome of pending or future litigation; and
- our ability to comply with federal and state laws and regulations, including those related to environmental matters, the sale of alcohol, cigarettes and fresh foods, employment and health benefits, including the Affordable Care Act, immigration and international trade.

You should consider the risks and uncertainties described above, and elsewhere in this report, including under Part I. Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II. Item 1A "Risk Factors," included in this Form 10-K, in connection with considering any forward-looking statements that may be made by us and our businesses generally. We cannot assure you that anticipated results or events reflected in the forward-looking statements will be achieved or will occur. The forward-looking statements included in this report are made as of the date of this report. We undertake no obligation to publicly release any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events after the date of this report, except as required by law.

ITEM 1. BUSINESS

Overview

We were formed as a Delaware limited partnership in 2011 primarily engaged in the wholesale distribution of motor fuel and the ownership and leasing of real estate used in the retail distribution of motor fuel. We also generate revenues from the operation of company operated retail sites.

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. As a result of this transaction, we are no longer an affiliate of, and are independent of, Circle K.

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 22, 2021, the Topper Group also has beneficial ownership of a 48.9% limited partner interest in the Partnership.

Our principal executive office address is 600 Hamilton Street, Suite 500, Allentown, PA 18101, and our telephone number is (610) 625-8000. Our common units trade on the NYSE under the ticker symbol "CAPL."

We conduct our business through two operating segments, Wholesale and Retail. As of December 31, 2020, we distributed motor fuel on a wholesale basis to approximately 1,700 sites located in 34 states. We own or lease approximately 1,100 sites, of which we operate 150 as company operated 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 the real estate holding company of 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. Since our acquisition of retail and wholesale assets that closed on April 14, 2020, LGWS also distributes motor fuels on a retail basis and sells convenience merchandise items to end customers at company operated retail sites. Income from LGWS generally is not qualifying income under Section 7704(d) of the Internal Revenue Code. See Note 5 for information related to our acquisition of retail and wholesale assets that closed on April 14, 2020.

Available Information

Our internet website is www.crossamericapartners.com. Information on this website is not part of this Form 10-K. Annual reports on our Form 10-K, quarterly reports on our Form 10-Q and our current reports on Form 8-K filed with (or furnished to) the SEC are available on this website under the "Investor Relations" tab and are free of charge, soon after such material is filed or furnished. In this same location, we also post our corporate governance guidelines, code of ethics and business conduct and the charters of the committees of our Board. These documents are available in print to any unitholder that makes a written request to CrossAmerica Partners L.P. Attn: Corporate Secretary, 600 Hamilton Street, Suite 500, Allentown, Pennsylvania 18101.

Operations

<u>Wholesale Segment</u>

Our primary operation is the wholesale distribution of motor fuel. Our Wholesale segment generated 2020 revenues of $1.6 billion. The wholesale segment includes the wholesale distribution of motor fuel to lessee dealers, independent dealers, commission agents, DMS (through the closing of the acquisition of retail and wholesale assets), Circle K and 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 (through the closing of the acquisition of retail and wholesale assets) and Circle K and collect rent from both.

We are one of the ten largest independent distributors by motor fuel volume in the United States for ExxonMobil, BP and Shell, and we also distribute Chevron, Sunoco, Valero, Gulf, Citgo, Marathon and Phillips 66-branded motor fuels (approximately 90% of the motor fuel we distributed during 2020 was branded). We receive a fixed mark-up per gallon of motor fuel on approximately 71% of gallons sold to our customers. The remaining gallons are primarily DTW priced contracts with our customers. These contracts provide for variable, market-based pricing. An increase in DTW gross profit results from the acquisition cost of wholesale motor fuel declining at a faster rate as compared to the rate that retail motor fuel prices decline. Conversely, our DTW motor fuel gross profit declines when the cost of wholesale motor fuel increases at a faster rate as compared to the rate that retail motor fuel prices increase.

Regarding our supplier relationships, a majority of our total gallons of motor fuel purchased are subject to Terms Discounts for prompt payment and other rebates and incentives, which are recorded within cost of sales. Prompt payment discounts are based on a percentage of the purchase price of motor fuel. As such, the dollar value of these discounts increases and decreases corresponding with motor fuel prices. Therefore, in periods of lower wholesale motor fuel prices, our gross profit is negatively affected, and, in periods of higher wholesale motor fuel prices, our gross profit is positively affected (as it relates to these discounts). Based on our current volumes, we estimate a $10 per barrel change in the price of crude oil would impact our overall annual wholesale motor fuel gross profit by approximately $2.3 million related to these payment discounts.

The following table highlights the aggregate volume of motor fuel distributed by our Wholesale segment to each of our principal customer groups (in millions). See Item 7—Results of Operations for additional information on the drivers of the fluctuations in the volume and site counts below.

	Gallons of Motor Fuel Distributed Year Ended December 31,			Wholesale Fuel Distribution Sites End of Year		
	2020	2019	2018	2020	2019	2018
Independent dealers (a)	450	315	332	687	369	362
Lessee dealers	373	392	322	653	648	500
DMS	17	75	115	—	68	86
Circle K	23	63	70	5	28	43
Commission agents (b)	141	129	141	208	169	170
Company operated retail sites	113	30	67	150	—	63
Total	1,117	1,004	1,047	1,703	1,282	1,224

(a) Gallons distributed to independent dealers include gallons distributed to sub-wholesalers and commercial accounts, which are not included in the site counts reported above.
(b) Includes independent commission sites owned or leased by the commission agent.

Description of Principal Customer Groups

Independent Dealer

- The independent dealer owns or leases the property and owns all motor fuel and convenience store inventory.
- We contract to exclusively distribute motor fuel to the independent dealer at a fixed mark-up per gallon or, in some cases, DTW.
- Distribution contracts with independent dealers are typically seven to 15 years in length.
- As of December 31, 2020, the average remaining distribution contract term was 5.5 years.

Lessee Dealer

- We own or lease the property and then lease or sublease the site to a dealer.
- The lessee dealer owns all motor fuel and retail site inventory and sets its own pricing and gross profit margins.
- We collect wholesale motor fuel margins at a fixed mark-up per gallon or, in some cases, DTW.
- Under our distribution contracts, we agree to supply a particular branded motor fuel or unbranded motor fuel to a site or group of sites and arrange for all transportation.
- Exclusive distribution contracts with dealers who lease property from us run concurrent in length to the retail site's lease period (generally three to 10 years).

- Leases are generally triple net leases.
- As of December 31, 2020, the average remaining lease agreement term was 2.9 years.

DMS

- Since the April 14, 2020 acquisition of retail and wholesale assets, we no longer sell fuel nor lease sites to DMS. See Note 5 to the financial statements for additional information.
- Prior to April 14, 2020, we owned or leased the property and then leased or subleased the site to DMS and distributed fuel to DMS at a fixed mark-up per gallon.
- DMS owned the motor fuel and retail site inventory and set its own pricing and gross profit margin.

Circle K

- In conjunction with the joint acquisitions of Nice N Easy Assets in 2014 and Landmark Assets with CST and the purchase of NTIs by us from CST in 2015, we own the property and lease the retail sites to Circle K. With respect to the Nice N Easy Asset and Landmark Asset acquisitions, we also entered into a 10-year motor fuel distribution agreement with CST, pursuant to which we distribute motor fuels to Circle K at a fixed mark-up per gallon. As of December 31, 2020, we distribute fuel on a wholesale basis to 45 Circle K sites and lease 11 sites to Circle K. As of December 31, 2020, there are only five sites at which we both supply fuel and lease the property to Circle K. Many of the sites previously owned and leased to Circle K were sold in the asset exchanges with Circle K. The Nice N Easy and Landmark sites that have been sold have been reclassified as independent dealers as we no longer control the property but continue to distribute fuel to such sites.
- At the 45 sites to which we distribute motor fuel, Circle K owns all motor fuel and retail site inventory and sets its own pricing and gross profit margin.

Commission Agents

- LGW distributes motor fuel on a wholesale basis to LGWS, which owns the motor fuel inventory and sells motor fuel to retail customers. LGW records qualifying wholesale motor fuel distribution gross income in our wholesale segment and LGWS records the non-qualifying retail sale in our retail segment.

Company Operated

- LGW distributes on a wholesale basis all of the motor fuel required by our company operated sites to LGWS, which owns the motor fuel inventory and sells motor fuel to retail customers. LGW records qualifying wholesale motor fuel distribution gross income in our wholesale segment and LGWS records the non-qualifying retail sale in our retail segment.

Rental Income

We also generate revenues through leasing or subleasing our real estate. We own or lease real and personal property and we lease or sublease that property to tenants, the substantial majority of which are wholesale customers as described above. As such, we manage our real estate leasing activities congruently with our Wholesale segment. We own approximately 58% of our properties that we lease to our dealers or utilize in our retail business. Our lease agreements with third-party landlords have an average remaining lease term of 5.6 years as of December 31, 2020.

The following table presents rental income (in millions), including rental income from commission agents that is included in the Retail segment, and the number of sites from which rental income was generated:

	Rental Income Year Ended December 31,			Sites from which Rental Income was Generated End of Year		
	2020	2019	2018	2020	2019	2018
Total	$ 83.2	$ 90.1	$ 85.6	948	1,003	880

Rental income decreased in 2020 primarily as a result of the termination of leases with DMS and certain lessee dealers in connection with the acquisition of retail and wholesale assets. This rental income has effectively been replaced by retail fuel, merchandise and other revenues as we now operate these sites ourselves rather than leasing them to a dealer. See Note 5 to the financial statements for additional information.

CST Fuel Supply

In 2015, we purchased a 17.5% limited partner interest in CST Fuel Supply. We received pro rata distributions from CST Fuel Supply related to CST Marketing and Supply's distribution of motor fuel to the majority of CST's legacy U.S. retail sites.

Effective March 25, 2020, we divested our entire interest in CST Fuel Supply in the CST Fuel Supply Exchange as further described in Note 4 to the financial statements.

Retail Segment

Our Retail segment generated 2020 revenues of $680 million. The Retail segment includes the retail sale of motor fuel at retail sites operated by commission agents and, with our acquisition of retail and wholesale assets that closed on April 14, 2020, the sale of convenience merchandise items and the retail sale of motor fuel at company operated retail sites.

See Note 5 to the financial statements for information related to our acquisition of retail and wholesale assets. With this transaction, we not only added wholesale fuel contracts to our portfolio but added retail assets and reestablished a retail capability that enables us to pursue a broader range of acquisition opportunities and provides greater flexibility for optimizing the class of trade for each asset in our portfolio.

Company Operated Sites

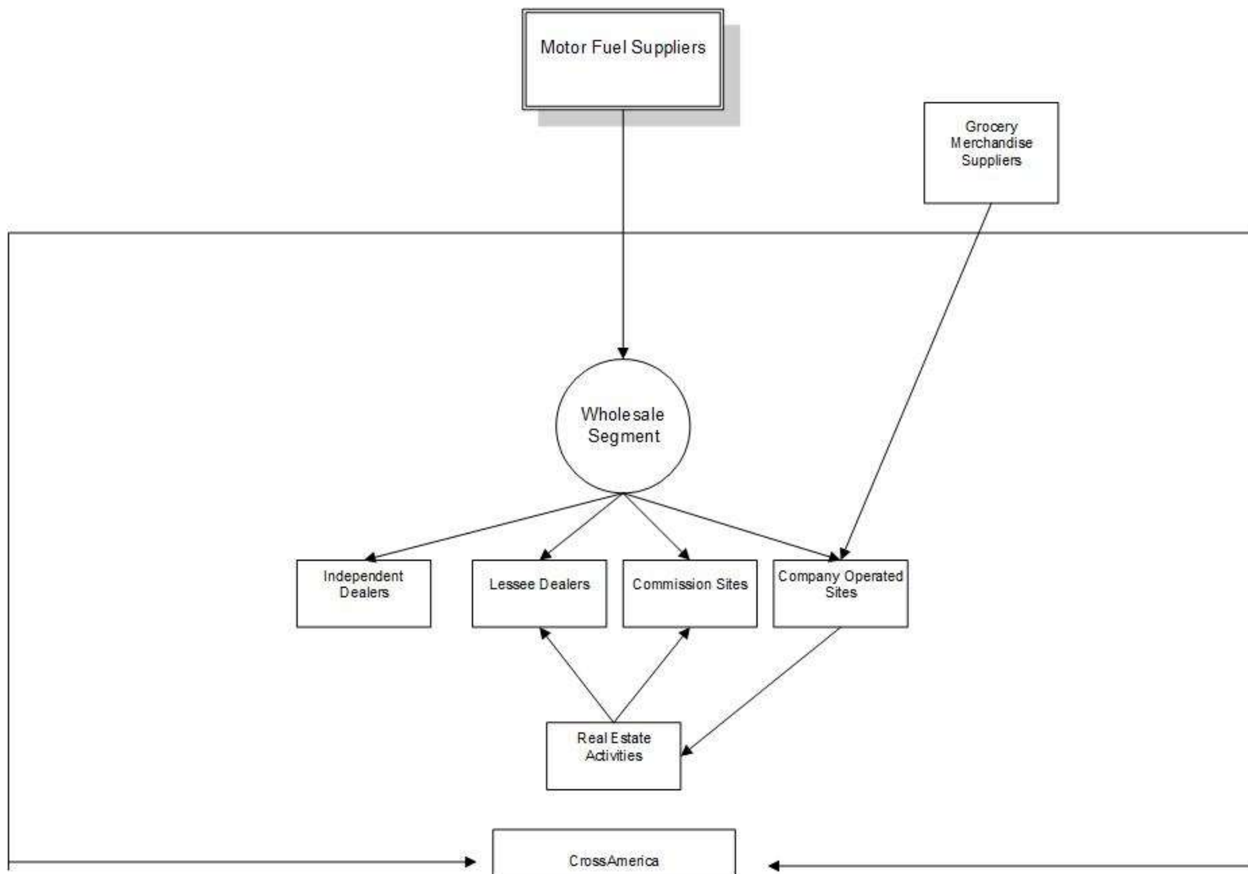
- As noted above, with our acquisition of retail and wholesale assets that closed on April 14, 2020, we again operate company operated sites.
- We own or lease the property, operate the retail site and retain all profits from motor fuel and retail site operations.
- We own the merchandise inventory and retain the profits from the sale of convenience merchandise items.
- We own the motor fuel inventory and set the motor fuel pricing.
- We maintain inventory from the time of the purchase of motor fuel from third-party suppliers until the retail sale to the end customer. On average, we maintain approximately 5-days' worth of motor fuel sales in inventory at each site.
- LGW distributes on a wholesale basis all of the motor fuel required by our company operated sites to LGWS, which owns the motor fuel inventory and sells motor fuel to retail customers. LGW records qualifying wholesale motor fuel distribution gross income in our wholesale segment and LGWS records the non-qualifying retail sale in our retail segment.

Commission Sites

- We own or lease the property and then lease or sublease the site to the commission agent, who pays rent to us and operates all the non-fuel related operations at the sites for its own account.
- We own the motor fuel inventory, set the motor fuel pricing and generate revenue from the retail sale of motor fuels to the end customer.
- We pay the commission agent a commission for each gallon of motor fuel sold.
- LGW distributes motor fuel on a wholesale basis to LGWS, which owns the motor fuel inventory and sells motor fuel to retail customers. LGW records qualifying wholesale motor fuel distribution gross income in our wholesale segment and LGWS records the non-qualifying retail sale in our retail segment.
- As of December 31, 2020, the average remaining motor fuel distribution and lease agreement term for our commission agents was 0.9 years.

Subsequent to an acquisition, we evaluate the eventual long-term operation of each retail site acquired: (a) to be operated as a company operated retail site; (b) to be converted into a lessee dealer; or (c) other strategic alternatives, including selling the site. By converting retail sites into lessee dealers, we continue to benefit from motor fuel distribution volumes as well as rental income from lease or sublease arrangements while reducing operating expenses.

The following chart depicts how motor fuel is procured and distributed to our customer groups and how convenience merchandise items were procured and distributed to our company operated retail sites. The chart also depicts the relationship of our real estate activities to our customer groups.



Recent Developments

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments" for a discussion of completed transactions affecting our business and a discussion of the COVID-19 Pandemic.

Business Strategy and Objective

Our primary business objective is to generate sufficient cash flows from operations to make quarterly cash distributions to our unitholders and, over time, to increase our quarterly cash distributions while maintaining discipline with leverage. The amount of any distribution is subject to the discretion of the Board, and the Board may modify or revoke the cash distribution policy at any time. Our Partnership Agreement does not require us to pay any distributions.

Our business strategy to achieve our objective of paying and, over time, increasing our quarterly cash distributions, is focused on the following key initiatives:

- Expand within and beyond our existing markets through acquisitions. Since our IPO and through February 22, 2021, we have completed acquisitions for a total of approximately 900 fee and leasehold sites for total consideration of approximately $1.2 billion;
- Enhance our real estate business' cash flows by owning or leasing sites in prime locations;
- Increase our Wholesale segment by expanding market share and growing rental income over time;
- Maintain strong relationships with major integrated oil companies and refiners; and
- Optimize the operations of acquired assets to the most appropriate format (lessee dealer, independent dealer, retail site) to provide for more stable cash flows and maximize our investment return.

We believe our competitive strengths will allow us to capitalize on our strategic opportunities, including:

- Stable cash flows from real estate rent income and wholesale motor fuel distribution;
- Established history of acquiring sites and successfully integrating these sites and operations into our existing business;
- Long-term relationships with major integrated oil companies and other key suppliers, which support our negotiations with and enable us to collaboratively work with our suppliers to maximize benefits to the Partnership; and
- Prime real estate locations in areas with high traffic and considerable motor fuel consumption.

Supplier Arrangements

We distribute branded motor fuel under the Exxon, Mobil, BP, Shell, Chevron, Sunoco, Valero, Gulf, Citgo, Marathon and Phillips 66 brands to our customers. Branded motor fuels are purchased from major integrated oil companies and refiners under supply agreements. For 2020, our Wholesale segment purchased approximately 29%, 22%, 13% and 10% of its motor fuel from ExxonMobil, BP, Motiva and Marathon, respectively. Certain suppliers offer volume rebates or incentive payments to drive volumes and provide an incentive for branding new locations. Certain suppliers require that all or a portion of any such incentive payments be repaid to the supplier in the event that the sites are rebranded within a stated number of years. We also purchase unbranded motor fuel for distribution. As of December 31, 2020, our supply agreements had a weighted-average remaining term of approximately 5.4 years.

Competition

Our Wholesale segment competes with other motor fuel distributors. Major competitive factors for us include, among others, customer service, price and quality of service and availability of products.

The convenience store industry is highly competitive, fragmented and characterized by constant change in the number and type of retailers offering products and services of the type sold at our sites. We compete with other retail site chains, independently owned retail sites, motor fuel stations, supermarkets, drugstores, discount stores, dollar stores, club stores and hypermarkets. Major competitive factors include, among others, location, ease of access, product and service selection, motor fuel brands, pricing, customer service, store appearance, and cleanliness.

Seasonality

Our business exhibits substantial seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer activity months) and lowest during the winter months in the first and fourth quarters.

Trade Names, Service Marks and Trademarks

We are a wholesale distributor of motor fuel for various major integrated oil companies and are licensed to market/resell motor fuel under their respective motor fuel brands.

We are not aware of any facts that would negatively affect our continuing use of any trademarks, trade names or service marks.

Environmental Laws and Regulations

We are subject to extensive federal, state and local environmental laws and regulations, including those relating to USTs, the release or discharge of materials into the air, water and soil, waste management, pollution prevention measures, storage, handling, use and disposal of hazardous materials, the exposure of persons to hazardous materials, greenhouse gas emissions, and characteristics, composition, storage and sale of motor fuel and the health and safety of our employees. We incorporate by reference into this section our disclosures included in Note 2 under the captions “Environmental Matters” and “Asset Retirement Obligations” as well as Note 12 under the caption “Asset Retirement Obligations” and Note 17 to the financial statements.

Other Regulatory Matters

Our retail sites are subject to regulation by federal, state, and/or local agencies and to licensing and regulations by state and local health, sanitation, safety, fire and other departments relating to the development and operation of retail sites, including regulations relating to zoning and building requirements and the preparation and sale of food.

Our retail sites are also subject to federal, state and/or local laws governing such matters as wage rates, overtime, working conditions and citizenship requirements. At the federal, state and local levels, there are proposals under consideration from time to time to increase minimum wage rates and modify or restrict immigration policies.

Human Capital

The Partnership has no direct employees. As of December 31, 2020, 203 employees of the Topper Group provided management services to us under the Topper Group Omnibus Agreement. In addition, 1,182 store employees of the Topper Group provided services at our company operated sites.

Our human capital resources objectives include identifying, recruiting, retaining, incentivizing and integrating our existing and new employees. As a customer-centric company with a strong service culture, we constantly work to maintain our position as an employer of choice. This requires a commitment to workplace inclusion and safety, as well as competitive total compensation that meets the needs of our employees. Our talent management and succession plan process includes the identification of key positions based on current and future business strategies, the identification of potential successors and a plan for talent development.

We are continuing to closely monitor the impact of the evolving effects of the COVID-19 Pandemic on our business. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—COVID-19 Pandemic" for a discussion of our efforts to reduce the risks of exposure to COVID-19.

ITEM 1A. RISK FACTORS

If any of the following risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, we might not be able to pay distributions on our common units, the trading price of our common units could decline and you could lose all or part of your investment. Also, please read "Cautionary Statement Regarding Forward-Looking Statements."

Limited partner interests are inherently different from the capital stock of a corporation although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business.

Risk Factor Summary

Below is a summary of our risk factors:

- We may not have sufficient distributable cash from operations to enable us to pay our quarterly distributions.
- If we are unable to make acquisitions on economically acceptable terms, our future growth and ability to increase distributions to unitholders will be limited, and any acquisitions are subject to substantial risks.
- Volatility in crude oil and wholesale motor fuel costs affect our business, financial condition and results of operations and our ability to make distributions to unitholders.
- Seasonality in wholesale motor fuel costs and sales, as well as merchandise sales, affect our business, financial condition and results of operations and our ability to make distributions to unitholders.
- Both the wholesale motor fuel distribution and the retail motor fuel industries are characterized by intense competition and fragmentation.
- Changes in credit or debit card expenses could reduce our gross profit, especially on motor fuel sold at company-operated retail sites.
- New entrants or increased competition in the convenience store industry could result in reduced gross profits.
- General economic, financial and political conditions that are largely out of our control could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.
- Changes in consumer behavior and travel as a result of changing economic conditions, labor strikes or otherwise could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.
- Broad-based business or economic disruptions caused by the COVID-19 Pandemic, or other similar health crises, could adversely affect our business, financial condition, results of operations or cash available for distribution to our unitholders.
- We are subject to extensive government laws and regulations concerning store merchandise items and environmental laws, and laws, regulations, technological, political and scientific developments regarding climate change and fuel efficiency may decrease demand for motor fuel. We are also subject to federal, state and local laws and regulations that govern the product quality specifications of the motor fuel that we distribute and sell.

- Changes in U.S. trade policy, including the imposition of tariffs and the resulting consequences, may have a material adverse impact on our business, operating results and financial condition.
- Unfavorable weather conditions could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.
- We depend on four principal suppliers for the majority of our motor fuel.
- Negative events or developments associated with our branded suppliers could have an adverse impact on our revenues.
- We rely on our suppliers to provide trade credit to adequately fund our ongoing operations.
- We could be adversely affected by the creditworthiness and performance of our customers, suppliers and contract counterparties.
- Pending or future litigation could adversely affect our financial condition and results of operations.
- The dangers inherent in the storage and transport of motor fuel could cause disruptions and could expose us to potentially significant losses, costs or liabilities.
- We depend on third-party transportation providers for the transportation of all of our motor fuel.
- Our motor fuel sales in our Wholesale segment are generated under contracts that must be renegotiated or replaced periodically.
- We rely on our information technology systems and network infrastructure to manage numerous aspects of our business and could be adversely affected by the failure to protect sensitive customer, employee or vendor data.
- Our debt levels and debt covenants may limit our flexibility in obtaining additional financing and in pursuing other business opportunities and our ability to make distributions to unitholders.
- An increase in interest rates may cause the market price of our common units to decline and a significant increase in interest rates could adversely affect our ability to service our indebtedness.
- We do not own all of the land on which our retail sites and certain facilities are located, which could result in increased costs and disruptions to our operations.
- We may not be able to lease sites we own or sub-lease sites we lease on favorable terms.
- We rely on DMI and Circle K to indemnify us for any costs or expenses that we incur for certain environmental liabilities and third-party claims.
- The Topper Group controls us and may have conflicts of interest with us. Further, our General Partner and its affiliates, including the Topper Group, have conflicts of interest with us and limited fiduciary duties and they may favor their own interests to the detriment of our unitholders and us.
- The Topper Group or the Board may modify or revoke our cash distribution policy at any time at their discretion. Our Partnership Agreement does not require us to pay any distributions at all.
- We rely on the employees of the Topper Group to provide key management services to our business pursuant to the Topper Group Omnibus Agreement.
- Our General Partner has limited liability regarding our obligations.
- If we distribute a significant portion of our cash available for distribution to our partners, our ability to grow and make acquisitions could be limited.
- Our Partnership Agreement replaces, eliminates and modifies, as applicable, the duties, including the fiduciary duties, of our General Partner, the Board or any committee thereof, and modifies the burden of proof in any action brought against the General Partner, the Board or any committee thereof.
- Our General Partner’s affiliates, including the Topper Group, may compete with us.
- Holders of our common units have limited voting rights.
- Our General Partner interest or the control of our General Partner may be transferred to a third party without unitholder consent, and our General Partner has a call right that may require unitholders to sell their common units at an undesirable time or price.
- The market price of our common units could be adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by the Topper Group or other large holders.
- We may issue unlimited additional units without unitholder approval, which would dilute existing unitholder ownership interests, and our General Partner’s discretion in establishing cash reserves may reduce the amount of cash available for distribution to unitholders.
- Our Partnership Agreement restricts the voting rights of unitholders owning 20% or more of our common units.
- Management fees and cost reimbursements due to our General Partner and the Topper Group for services provided to us or on our behalf will reduce cash available for distribution to our unitholders.
- Our tax treatment depends in large part on our status as a partnership for U.S. federal income tax purposes.
- We have subsidiaries that are treated as corporations for U.S. federal income tax purposes and are subject to entity-level U.S. federal, state and local income and franchise tax.
- The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

- Our unitholders are required to pay taxes on their share of income from us even if they do not receive any cash distributions from us.
- Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.
- Tax gain or loss on the disposition of our common units could be more or less than expected.
- Tax-exempt organizations and non-U.S. persons face unique tax issues from owning common units that may result in adverse tax consequences to them.
- Our unitholders are subject to state and local income taxes and return filing requirements in states and localities where they do not live as a result of investing in our common units.
- We will treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased.
- We prorate our items of income, gain, loss and deduction for U.S. federal income tax purposes and allocate them between transferors and transferees of our common units each month based upon the ownership of our common units on the first business day of each month and as of the opening of the applicable exchange on which our common units are listed, instead of on the basis of the date a particular common unit is transferred.
- If a unitholder loans their common units to a short seller to cover a short sale of common units, they may be considered to have disposed of those common units for U.S. federal income tax purposes.
- We have adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between our General Partner and the unitholders.
- If the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it (and some states) may assess and collect any resulting taxes (including any applicable penalties and interest) directly from us, in which case we may require our unitholders and former unitholders to reimburse us for such taxes (including any applicable penalties or interest) or, if we are required to bear such payment, our cash available for distribution to our unitholders might be substantially reduced.

Risks Relating to Our Industry and Our Business

We may not have sufficient distributable cash from operations to enable us to pay our quarterly distribution following the establishment of cash available for distribution and payment of fees and expenses.

We may not have sufficient cash each quarter to pay quarterly distribution at current levels or at all.

The amount of cash we can distribute on our common units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- demand for motor fuel products in the markets we serve, including seasonal fluctuations, and the margin per gallon we earn selling and distributing motor fuel;
- the wholesale price of motor fuel and its impact on the payment discounts we receive;
- seasonal trends in the industries in which we operate;
- supply, and the impact that severe storms could have to our suppliers' and customers' operations;
- competition from other companies that sell motor fuel products or operate retail sites in our targeted market areas;
- the inability to identify and acquire suitable sites or to negotiate acceptable leases for such sites;
- the potential inability to obtain adequate financing to fund our expansion;
- the level of our operating costs, including payments to the Topper Group under the Topper Group Omnibus Agreement;
- prevailing economic conditions;
- regulatory actions affecting the supply of or demand for motor fuel, our operations, our existing contracts or our operating costs; and
- volatility of prices for motor fuel.

In addition, the actual amount of cash we will have available for distribution will depend on other factors such as:

- the level and timing of capital expenditures we make;
- the restrictions contained in our credit facility;
- our debt service requirements and other liabilities;
- the cost of acquisitions, if any;
- fluctuations in our working capital needs;
- our ability to borrow under our credit facility and access capital markets on favorable terms, or at all; and
- the amount, if any, of cash reserves established by our General Partner in its discretion.

Incurring additional debt may significantly increase our interest expense and financial leverage and issuing additional limited partner interests may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain the cash distribution rate, which could materially decrease our ability to pay distributions. Consequently, there is no guarantee that we will distribute quarterly cash distributions to our unitholders in any quarter.

The amount of cash we have available for distribution to unitholders depends primarily on our cash flow rather than on our profitability, which may prevent us from making cash distributions, even during periods when we record net income.

The amount of cash we have available for distribution depends primarily on our cash flow, and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record losses for financial accounting purposes and may not make cash distributions during periods when we record net income for financial accounting purposes.

If we are unable to make acquisitions on economically acceptable terms, our future growth and ability to increase distributions to unitholders will be limited.

Our strategy to grow our business and increase distributions to unitholders is dependent on our ability to make acquisitions that result in an increase in cash flow. Our growth strategy is based, in large part, on our expectation of ongoing divestitures of retail and wholesale fuel distribution assets by industry participants. We may be unable to make accretive acquisitions for any of the following reasons:

- we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts for them;
- we are unable to raise financing for such acquisitions on economically acceptable terms, for example, if the market price for our common units declines;
- we are outbid by competitors; or
- we or the seller are unable to obtain any necessary consents.

If we are unable to make acquisitions on economically acceptable terms, our future growth and ability to increase distributions to unitholders will be limited. In addition, if we consummate any future acquisitions, our capitalization and results of operations may change significantly. We may also consummate acquisitions, which at the time of consummation we believe will be accretive, but ultimately may not be accretive and may in fact result in a decrease in distributable cash flow per unit as a result of incorrect assumptions in our evaluation of such acquisitions, unforeseen consequences, or other external events beyond our control. If any of these events occurred, our future growth could be adversely affected.

Any acquisitions are subject to substantial risks that could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

Any acquisitions involve potential risks, including, among other things:

- the validity of our assumptions about revenues, demand, capital expenditures and operating costs of the acquired business or assets, as well as assumptions about achieving synergies with our existing business;

- the incurrence of substantial unforeseen environmental and other liabilities arising out of the acquired businesses or assets, including liabilities arising from the operation of the acquired businesses or assets prior to our acquisition, for which we are not indemnified or for which the indemnity is inadequate;
- the costs associated with additional debt or equity capital, which may result in a significant increase in our interest expense and financial leverage resulting from any additional debt incurred to finance the acquisition, or the issuance of additional common units on which we will make distributions, either of which could offset the expected accretion to our unitholders from any such acquisition and could be exacerbated by volatility in the equity or debt capital markets;
- a failure to realize anticipated benefits, such as increased available distributable cash flow, an enhanced competitive position or new customer relationships;
- the inability to timely and effectively integrate the operations of recently acquired businesses or assets, particularly those in new geographic areas or in new lines of business;
- unforeseen difficulties operating in new and existing product areas or new and existing geographic areas;
- a decrease in our liquidity by using a significant portion of our available cash or borrowing capacity to finance the acquisition;
- the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges;
- performance from the acquired assets and businesses that is below the forecasts we used in evaluating the acquisition;
- a significant increase in our working capital requirements;
- competition in our targeted market areas;
- customer or key employee loss from the acquired businesses and the inability to hire, train or retain qualified personnel to manage and operate such acquired businesses; and
- diversion of our management’s attention from other business concerns.

In addition, our ability to purchase or lease additional sites involves certain potential risks, including the inability to identify and acquire suitable sites or to negotiate acceptable leases or subleases for such sites and difficulties in adapting our distribution and other operational and management systems to an expanded network of sites.

Our reviews of businesses or assets proposed to be acquired are inherently imperfect because it generally is not practicable to perform a perfect review of businesses and assets involved in each acquisition. Even a detailed review of assets and businesses may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the assets or businesses to fully assess their deficiencies and potential. For example, inspections may not always be performed on every asset, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Unitholders will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of our funds and other resources toward the acquisition of certain businesses or assets.

Volatility in crude oil and wholesale motor fuel costs affect our business, financial condition and results of operations and our ability to make distributions to unitholders.

For 2020, motor fuel revenues accounted for 89% of our total revenues and motor fuel gross profit accounted for 54% of total gross profit. Wholesale motor fuel costs are directly related to, and fluctuate with, the price of crude oil. Volatility in the price of crude oil, and subsequently wholesale motor fuel prices, is caused by many factors, including general political, regulatory and economic conditions, acts of war, terrorism or armed conflict, instability in oil producing regions, particularly in the Middle East and South America, and the value of U.S. dollars relative to other foreign currencies, particularly those of oil producing nations. In addition, the supply of motor fuel and our wholesale purchase costs could be adversely affected in the event of a shortage or oversupply of product, which could result from, among other things, interruptions of fuel production at oil refineries, new supply sources, sustained increases or decreases in global demand or the fact that our motor fuel contracts do not guarantee an uninterrupted, unlimited supply of motor fuel.

Significant increases and volatility in wholesale motor fuel costs could result in lower gross profit dollars, as an increase in the retail price of motor fuel could impact consumer demand for motor fuel and convenience merchandise and could result in lower wholesale motor fuel gross profit dollars. Dramatic increases in oil prices reduce retail motor fuel gross profits because wholesale motor fuel costs typically increase faster than retailers are able to pass increases along to customers. In addition, significant decreases in oil prices and the corresponding decreases in wholesale motor fuel sales prices can result in lower revenues and gross profit margins, as our wholesale motor fuel gross profits include discounts from our suppliers calculated as a percentage of the cost of wholesale motor fuel. As the market prices of crude oil, and, correspondingly, the market prices of wholesale motor fuel, experience significant and rapid fluctuations, we attempt to pass along wholesale motor fuel price changes to our customers through retail price changes; however, we are not always able to do so immediately. The timing of any related increase or decrease in sales prices is affected by competitive conditions in each geographic market in which we operate. As such, our revenues and gross profit for motor fuel can increase or decrease significantly and rapidly over short periods of time and potentially adversely impact our business, financial condition, results of operations and ability to make distributions to our unitholders. The volatility in crude oil and wholesale motor fuel costs and sales prices makes it extremely difficult to forecast future motor fuel gross profits or predict the effect that future wholesale costs and sales price fluctuations will have on our operating results and financial condition.

Seasonality in wholesale motor fuel costs and sales, as well as merchandise sales, affect our business, financial condition and results of operations and our ability to make distributions to unitholders.

Oil prices, wholesale motor fuel costs, motor fuel sales volumes, motor fuel gross profits and merchandise sales often experience seasonal fluctuations. For example, consumer demand for motor fuel typically increases during the summer driving season and typically falls during the winter months. Travel, recreation and construction are typically higher in these months in the geographic areas in which we operate, increasing the demand for motor fuel and merchandise that we sell. Therefore, our revenues are typically higher in the second and third quarters of our fiscal year. A significant change in any of these factors, including a significant decrease in consumer demand (other than typical seasonal variations), could materially affect our motor fuel and merchandise volumes, motor fuel gross profit and overall customer traffic, which in turn could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Both the wholesale motor fuel distribution and the retail motor fuel industries are characterized by intense competition and fragmentation, and our failure to effectively compete could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

The markets for distribution of wholesale motor fuel and the sale of retail motor fuel are highly competitive and fragmented, which results in narrow margins. We have numerous competitors, and some may have significantly greater resources and name recognition than we do. We rely on our ability to provide value added reliable services and to control our operating costs to maintain our margins and competitive position. If we were to fail to maintain the quality of our services, any or all of our wholesale customers could choose alternative distribution sources and expected retail customers could purchase from other retailers, each decreasing our margins. Furthermore, major integrated oil companies may decide to distribute their own products in direct competition with us, or large wholesale customers may attempt to buy directly from the major integrated oil companies. The occurrence of any of these events could have a material adverse effect on our business, results of operations and our ability to make distributions to our unitholders.

Changes in credit or debit card expenses could reduce our gross profit, especially on motor fuel sold at company-operated retail sites.

A significant portion of sales at our company-operated retail sites typically involve payment using credit or debit cards. We are assessed fees as a percentage of transaction amounts and not as a fixed dollar amount or percentage of our gross profits. Higher motor fuel prices result in higher credit and debit card expenses, and an increase in credit or debit card use or an increase in fees have a similar effect. Therefore, credit and debit card fees charged on motor fuel purchases that are more expensive as a result of higher motor fuel prices are not necessarily accompanied by higher gross profits. In fact, such fees may cause lower gross profits. Lower gross profits on motor fuel sales caused by higher fees may decrease our overall gross profit and could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

New entrants or increased competition in the convenience store industry could result in reduced gross profits.

At our company operated retail sites, we compete with numerous other convenience store chains, independent convenience stores, supermarkets, drugstores, discount warehouse clubs, motor fuel service stations, mass merchants, fast food operations and other similar retail outlets. In addition, several non-traditional retailers, including supermarkets and club stores, compete directly with convenience stores. An increase in competition from such competitors, or the entrance of additional competitors, could result in reduced gross profits and have a material adverse effect on our business, financial condition or results of operations.

General economic, financial and political conditions that are largely out of our control could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

Recessionary economic conditions, higher interest rates, higher motor fuel and other energy costs, inflation, increases in commodity prices, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws or other economic factors may affect consumer spending or buying habits, and could adversely affect the demand for motor fuel and convenience items we will sell at our retail sites. Unfavorable economic conditions, higher motor fuel prices and unemployment levels can affect consumer confidence, spending patterns and miles driven, with many customers "trading down" to lower priced products in certain categories when unfavorable conditions exist. These factors could lead to sales declines in both motor fuel and general merchandise, and in turn could have an adverse impact on our business, financial condition and results of operations.

A tightening of credit in the financial markets or an increase in interest rates may make it more difficult for wholesale customers and suppliers to obtain financing and, depending on the degree to which it occurs, may cause a material increase in the nonpayment or other nonperformance by our customers and suppliers. Even if our credit review and analysis mechanisms work properly, we may experience financial losses in our dealings with these third parties. A material increase in the nonpayment or other nonperformance by our wholesale customers and/or suppliers could adversely affect our business, financial condition, results of operations and cash available for distribution to our unitholders.

Examples of other general economic, financial and political risks include:

- a general or prolonged decline in, or shocks to, regional or broader macro-economics;
- regulatory changes that could impact the markets in which we operate, which could reduce demand for our goods and services or lead to pricing, currency, or other pressures; and
- deflationary economic pressures, which could hinder our ability to operate profitably in view of the challenges inherent in making corresponding deflationary adjustments to our cost structure.

The nature of these types of risks, which are often unpredictable, makes them difficult to plan for, or otherwise mitigate, and they are generally uninsurable, which compounds their potential impact on our business. Any such event could have a material adverse effect on our business, financial condition, results of operations and cash available for distributions to our unitholders.

Terrorist attacks and threatened or actual war or armed conflict may adversely affect our business.

Our business is affected by general economic conditions and fluctuations in consumer confidence and spending, which can decline as a result of numerous factors outside of our control. Terrorist attacks or threats, whether within the United States or abroad, rumors or threats of war, actual conflicts involving the United States or its allies, or military or trade disruptions impacting our suppliers or our customers may adversely impact our operations. Specifically, strategic targets such as energy related assets may be at greater risk of future terrorist attacks than other targets in the United States. These occurrences could have an adverse impact on energy prices, including prices for motor fuels, and an adverse impact on our operations. Any or a combination of these occurrences could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Changes in consumer behavior and travel as a result of changing economic conditions, labor strikes or otherwise could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

In the retail motor fuel industry, customer traffic is generally driven by consumer preferences and spending trends, growth rates for commercial truck traffic and trends in travel and weather. Changes in economic conditions generally, or in the regions in which we operate, could adversely affect consumer spending patterns and travel in our markets. In particular, weakening economic conditions may result in decreases in miles driven and discretionary consumer spending and travel, which affect spending on motor fuel and convenience items. In addition, changes in the types of products and services demanded by consumers or labor strikes in the construction industry or other industries that employ customers who visit retail sites, may adversely affect our sales and gross profit. Additionally, negative publicity or perception surrounding motor fuel suppliers could adversely affect reputation and brand image, which may negatively affect our motor fuel sales and gross profit. Similarly, advanced technology and increased use of hybrid cars or cars using alternative fuels would reduce demand for motor fuel. Our success depends on our ability to anticipate and respond in a timely manner to changing consumer demands and preferences while continuing to sell products and services that remain relevant to the consumer and thus generally have a positive impact overall merchandise gross profit.

Broad-based business or economic disruptions caused by the COVID-19 Pandemic, or other similar health crises, could adversely affect our business, financial condition, results of operations or cash available for distribution to our unitholders.

Global health concerns, such as the COVID-19 Pandemic, could result in social, economic and labor instability that adversely affect employee, customer, vendor, distribution channel and other business partner relationships, and in so doing could adversely affect our business, financial condition, results of operations and cash flows. For example, federal, state and local governmental actions restricting the ability of our customers to essential travel only, adversely impacts consumption of fuel. Sustained limitation on travel, or a general reluctance to travel due to the COVID-19 Pandemic, adversely impacts our fuel volumes. Sustained fuel volume decreases and less foot traffic would adversely impact our dealer operated locations which could potentially pose increased credit risks or trigger a default under our fuel supply and lease agreements.

We do not have fleet operations but rely on common carriers to distribute and deliver our products. Although we have not experienced significant disruptions to date, if these distribution channels are adversely impacted by the COVID-19 Pandemic, delivery of our products could be jeopardized.

Although we have not experienced significant costs to date, we may incur costs related to the implementation of prescribed safety protocols related to the COVID-19 Pandemic. With the April 14, 2020 closing of our acquisition of retail and wholesale assets, the Partnership now has 150 company operated sites. For example, we may incur substantial costs in connection with staffing impacted stores and the closing and subsequent cleaning of impacted stores resulting from a continued spread of COVID-19. We may also temporarily lose the services of employees or experience interruptions in our business which could lead to inefficiencies, interruptions in our regular operations and potential reputational harm. If we do not respond appropriately to the COVID-19 Pandemic or other similar health crises, or if customers do not perceive our response to be adequate for a particular region or our business as a whole, we could suffer damage to our reputation, which could materially adversely affect our business, financial condition and results of operations in the future.

There can be no assurances that these and other scenarios resulting from the COVID-19 Pandemic, or other similar health crises, will not have a material and adverse impact on our business, financial condition, results of operations or cash available for distribution to our unitholders. We are continuing to monitor this public health crisis and its impact on employees, customers, vendors, distribution channels and other business partners and the overall economic environment within the U.S. and worldwide, but we cannot presently predict the full scope and severity of the disruptions caused by the COVID-19 Pandemic on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We are subject to extensive government laws and regulations concerning store merchandise items and operations, and the cost of compliance with such laws and regulations can be material.

Our business and properties are subject to extensive local, state and federal governmental laws and regulations relating to, among other things, the sale of alcohol, tobacco and money orders, and public accessibility requirements. The cost of compliance with these laws and regulations can have a material adverse effect on our operating results and financial condition. In addition, failure to comply with local, state, provincial and federal laws and regulations to which our operations will be subject may result in penalties and costs that could adversely affect our business and our operating results.

In certain areas where our retail sites are located, state or local laws limit the retail sites' hours of operation or their sale of alcoholic beverages, tobacco products, possible inhalants and lottery tickets, in particular to minors. Failure to comply with these laws could adversely affect our revenues and results of operations because these state and local regulatory agencies have the power to revoke, suspend or deny applications for and renewals of permits and licenses relating to the sale of these products or to seek other remedies, such as the imposition of fines or other penalties. Moreover, these laws may impact our sales volumes in general, as customers who purchase certain products such as alcoholic beverages typically buy other products when they shop. Laws that curtail the consumer's ability to buy certain products at our retail sites may curtail consumer demand for other products that we sell.

We are subject to extensive government laws and regulations concerning our employees, and the cost of compliance with such laws and regulations can be material.

Regulations related to wages and other compensation affect our business. Any appreciable increase in applicable employment laws and regulations, including the statutory minimum wage, exemption levels or overtime regulations could result in an increase in labor costs and such cost increase, or the penalties for failing to comply with such statutory minimums, could adversely affect our business, financial condition, results of operations and cash available for distribution to our unitholders.

In addition, we are directly and indirectly affected by new tax legislation and regulation and the interpretation of tax laws and regulations. This includes potential changes in tax laws or the interpretation of tax laws relating to incentive compensation. Changes in such legislation, regulation or interpretation could have an adverse effect on our incentive compensation structures, which could affect our ability to recruit, develop and retain talented executives and could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Any changes in the employment, benefit plan, tax or labor laws or regulations described above or new regulations proposed from time to time, could have a material adverse effect on our employment practices, our business, financial condition, results of operations and cash available for distribution to our unitholders.

We are subject to extensive federal, state and local environmental laws, and the cost of complying with such laws may be material.

Our operations are subject to a variety of environmental laws and regulations, including those relating to emissions to the air (such as the federal Clean Air Act), discharges into water (such as the federal Clean Water Act), releases of hazardous and toxic substances and remediation of contaminated sites (such as the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA")), and similar state and local laws and regulations.

Under CERCLA, we may, as the owner or operator, be liable for the costs of removal or remediation of contamination at our current locations or our former locations, whether or not we knew of, or were responsible for, the presence of such contamination. In particular, as an owner and operator of motor fueling stations, we face risks relating to petroleum product contamination that other retail site operators not engaged in such activities would not face. The remediation costs and other costs required to clean up or treat contaminated sites could be substantial. Contamination on and from our current or former locations may subject us to liability to third parties or governmental authorities for injuries to persons, property or natural resources and may adversely affect our ability to sell or rent our properties or to borrow money using such properties as collateral.

CERCLA also provides that persons who dispose of or arrange for the disposal or treatment of hazardous or toxic substances at third-party sites may also be liable for the costs of removal or remediation of such substances at these disposal sites although such sites are not owned by such persons. Our historic and current operation of many locations and the disposal of contaminated soil and groundwater wastes generated during cleanups of contamination at such locations could expose us to such liability.

Pursuant to the Resource Conservation and Recovery Act of 1976, as amended, the EPA has established a comprehensive regulatory program for the detection, prevention, investigation and cleanup of leaking underground storage tanks. State or local agencies are often delegated the responsibility for implementing the federal program or developing and implementing equivalent state or local regulations. Compliance with existing and future environmental laws regulating such tanks and systems may require significant expenditures. We pay fees to state "leaking UST" trust funds in states where they exist. These state trust funds are expected to pay or reimburse us for remediation expenses related to contamination associated with USTs subject to their jurisdiction. Such payments are always subject to a deductible paid by us, specified per incident caps and specified maximum annual payments, which vary among the funds.

Additionally, such funds may have eligibility requirements that not all of our current or anticipated sites will meet. To the extent state funds or other responsible parties do not pay or delay payments for remediation, we will be obligated to make these payments, which, in the aggregate, could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. We can give no assurance that these funds or responsible third parties are or will continue to remain viable.

Motor fuel operations present risks of soil and groundwater contamination. In the future, we may incur substantial expenditures for remediation of contamination that has not been discovered at locations which we may acquire. We regularly monitor our facilities for environmental contamination and record liabilities on our financial statements to cover potential environmental remediation and compliance costs when probable to occur and reasonably estimable. However, we can make no assurance that the liabilities we have recorded are the only environmental liabilities relating to our current and former locations, that material environmental conditions not known to us do not exist, that future laws or regulations will not impose material environmental liability on us or that our actual environmental liabilities will not exceed our reserves. In addition, failure to comply with environmental regulations, including the Clean Air Act, the Clean Water Act or CERCLA, or an increase in regulations could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Laws, regulations, technological, political and scientific developments regarding climate change and fuel efficiency may decrease demand for motor fuel.

Developments aimed at reducing greenhouse gas emissions' contribution to climate change may decrease the demand or increase the cost for our major product, petroleum-based motor fuel. Attitudes toward this product and its relationship to the environment may significantly affect our effectiveness in marketing our product and sales. Efforts to steer the public toward non-petroleum-based fuel dependent modes of transportation may foster a negative perception toward motor fuel or increase costs for our product, thus affecting the public's attitude toward our primary product. New technologies that increase fuel efficiency or offer alternative vehicle power sources or laws or regulations to increase fuel efficiency, reduce consumption or offer alternative vehicle power sources may result in decreased demand for petroleum-based motor fuel. A number of new legal incentives, regulatory requirements and executive initiatives, including the Clean Power Plan ("CPP"), the Affordable Clean Energy ("ACE") rule that the Environmental Protection Agency (the "EPA") has proposed to replace the CPP, and various government subsidies such as the extension of certain tax credits for renewable energy, have made these alternative forms of energy more competitive. We may also incur increased costs for our product, which we may not be able to pass along to our customers. These developments could potentially have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Changes in U.S. trade policy, including the imposition of tariffs and the resulting consequences, may have a material adverse impact on our business, operating results and financial condition.

The previous U.S. presidential administration indicated its intent to adopt a new approach to trade policy. For example, in 2018, the U.S. government reached a new trade agreement with the Canadian and Mexican governments to replace the North America Free Trade Agreement with the United States-Mexico-Canada Agreement.

The U.S. also initiated tariffs on certain foreign goods and has raised the possibility of imposing significant, additional tariff increases or expanding the tariffs to capture other types of goods. In response, certain foreign governments imposed retaliatory tariffs on goods that their countries import from the U.S.

Changes in U.S. trade policy, including due to the change in the U.S. presidential administration, could result in one or more foreign governments adopting responsive trade policies that make it more difficult or costly for us to do business in or import our products from those countries. This in turn could require us to increase prices to our customers, which may reduce demand, or, if we are unable to increase prices, result in lowering our margin on products sold.

We cannot predict the extent to which the U.S. or other countries will impose quotas, duties, tariffs, taxes or other similar restrictions upon the import or export of our products in the future, nor can we predict future trade policy or the terms of any renegotiated trade agreements and their impact on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for our products, our costs, our customers, our suppliers, and the U.S. economy, which in turn could have a material adverse effect on our business, operating results and financial condition.

Unfavorable weather conditions could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

Our company operated retail sites are located in regions throughout the U.S. that are susceptible to certain severe weather events, such as hurricanes, flooding, severe thunderstorms, snowstorms, tornadoes and extreme heat and cold. Inclement weather conditions could damage our facilities, our suppliers or could have a significant impact on consumer behavior, travel and retail site traffic patterns as well as our ability to operate our retail sites. We could also be affected by regional occurrences, such as energy shortages or increases in energy prices, fires or other natural disasters. Further, our ability to insure these locations and the related cost of such insurance coverage could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Additionally, many studies have discussed the relationship between GHG emissions and climate change. One consequence of climate change noted in many of these reports is the increased severity of extreme weather, such as increased hurricanes and floods. Such events could adversely affect our operations through water damage, powerful winds or increased costs for insurance. Climate change also continues to attract considerable public and scientific attention. Recently, litigation has been filed against companies in the energy industry related to climate change. Should such suits succeed, we could face additional compliance costs or litigation risks.

We could be adversely affected if we are not able to attract and retain a strong management team.

We are dependent on our ability to attract and retain a strong management team. If, for any reason, we are not able to attract and retain qualified senior personnel, our business, financial condition, results of operations and cash flows could be adversely affected. We also are dependent on our ability to recruit qualified retail site and field managers. Failure to attract and retain these individuals at reasonable compensation levels could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We depend on four principal suppliers for the majority of our motor fuel. A disruption in supply or a change in our relationship with any one of them could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

In 2020, we purchased approximately 29%, 22%, 13% and 10% of our motor fuel from ExxonMobil, BP, Motiva and Marathon, respectively. A change of motor fuel suppliers, a disruption in supply or a significant change in pricing with any of these suppliers could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Negative events or developments associated with our branded suppliers could have an adverse impact on our revenues.

We believe that the success of our operations is dependent, in part, on the continuing favorable reputation, market value, and name recognition associated with the branded motor fuel sold through our Wholesale Segment and Retail Segment. Erosion of the value of those brands could have an adverse impact on the volumes of motor fuel we distribute, which in turn could have a material adverse effect on our business, financial condition, results of operations and ability to make distributions to our unitholders.

We rely on our suppliers to provide trade credit to adequately fund our ongoing operations.

Our business is impacted by the availability of trade credit to fund motor fuel purchases and inventory purchases of our retail sites. An actual or perceived downgrade in our liquidity or operations could cause our suppliers to seek credit support in the form of additional collateral, limit the extension of trade credit or otherwise materially modify their payment terms. Any material changes in payments terms, including payment discounts, or availability of trade credit provided by our principal suppliers, could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We could be adversely affected by the creditworthiness and performance of our customers, suppliers and contract counterparties.

We are exposed to risk related to the creditworthiness and performance of our customers, suppliers and contract counterparties. As of December 31, 2020, we had outstanding accounts receivable totaling $29.5 million. This amount primarily consisted of vendor rebates due from our suppliers, credit card receivables, receivables arising from the sale of fuel and other products to independent franchised or licensed fuel station operators as well as amounts receivable from other industrial and commercial clients. Contracts with longer payment cycles or difficulties in enforcing contracts or collecting accounts receivable could lead to material fluctuations in our cash flows and could adversely impact our business, financial condition and results of operations.

Pending or future litigation could adversely affect our financial condition and results of operations. Litigation and publicity concerning motor fuel or food quality, health and other issues could result in significant liabilities or litigation costs and cause consumers to avoid our retail sites.

Retail site businesses can be adversely affected by litigation and complaints from customers or government agencies resulting from motor fuel or food quality, illness or other health or environmental concerns or operating issues stemming from one or more locations. Additionally, we may become a party to litigation pertaining to individual personal injury, off-specification motor fuel, product liability, consumer protection laws, contract disputes, wage and hour unemployment claims and other legal actions in the ordinary course of our business and we are occasionally exposed to industry-wide or class-action claims arising from the products we carry or industry-specific business practices. Adverse publicity about these allegations may negatively affect us, regardless of whether the allegations are true, by discouraging customers from purchasing motor fuel, merchandise or food at one or more of our retail sites. We could also incur significant liabilities if a lawsuit or claim results in a decision against us. Even if we are successful in defending such litigation, our litigation costs could be significant, and the litigation may divert time and money away from our operations and adversely affect our performance. Our defense costs and any resulting damage awards may not be fully covered by our insurance policies.

The dangers inherent in the storage and transport of motor fuel could cause disruptions and could expose us to potentially significant losses, costs or liabilities.

We store motor fuel in storage tanks at our retail sites. These operations are subject to significant hazards and risks inherent in storing and transporting motor fuel. These hazards and risks include, but are not limited to, fires, explosions, traffic accidents, spills, discharges and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally imposed fines or cleanup obligations, personal injury or wrongful death claims and other damage to our properties and the properties of others.

We are not fully insured against all risks incident to our business. We may be unable to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We depend on third-party transportation providers for the transportation of all of our motor fuel. Thus, a change or shortage of providers or a significant change in our relationship or commercial terms with any of these providers could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

All of the motor fuel we distribute is transported from motor fuel terminals to gas stations by third-party carriers. A change or shortage of transportation providers, a disruption in service or a significant change in our relationship or commercial terms with any of these transportation carriers could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We are subject to federal, state and local laws and regulations that govern the product quality specifications of the motor fuel that we distribute and sell.

Various federal, state and local agencies have the authority to prescribe specific product quality specifications to the sale of commodities. Changes in product quality specifications, such as reformulated fuels mandates, reduced sulfur content in refined petroleum products or other more stringent requirements for fuels, could reduce our ability to procure products and result in a decrease to our sales volume, require us to incur additional handling costs, and/or require the expenditure of capital. If we are unable to procure product or recover these costs through increased sales, our ability to meet our financial obligations could be adversely affected. Failure to comply with these regulations could result in substantial penalties.

Our motor fuel sales in our Wholesale segment are generated under contracts that must be renegotiated or replaced periodically. If we are unable to successfully renegotiate or replace these contracts, then our business, financial condition and results of operations and ability to make distributions to unitholders could be adversely affected.

Our Wholesale segment's motor fuel sales are generated under contracts that must be periodically renegotiated or replaced. We may be unable to renegotiate or replace these contracts when they expire, and the terms of any renegotiated contracts may not be as favorable as the contracts they replace. Whether these contracts are successfully renegotiated or replaced is often times subject to factors beyond our control. Such factors include fluctuations in motor fuel prices, counterparty ability to pay for or accept the contracted volumes and a competitive marketplace for the services offered by us. If we cannot successfully renegotiate or replace our contracts or must renegotiate or replace them on less favorable terms, sales from these arrangements could decline, which could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Further, we have contracts with certain multi-site lessee dealers that provide for the ability for each party to sever or recapture a certain number of sites from the contract. If sites are severed, we will seek to replace the dealer, but it is possible that the agreement with any new dealer may not provide for an equivalent fuel margin and/or rental income stream, which could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders. It is also possible that we will operate the site until the dealer is replaced or indefinitely.

We rely on our information technology systems and network infrastructure to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

We depend on our information technology ("IT") systems and network infrastructure to manage numerous aspects of our business and provide analytical information to management. These systems are an essential component of our business and growth strategies, and a serious disruption to them could significantly limit our ability to manage and operate our business efficiently. These systems may be vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches and computer viruses, which could result in a loss of sensitive business information, systems interruption or the disruption of our business operations. To protect against unauthorized access or attacks, we have implemented infrastructure protection technologies and disaster recovery plans, but there can be no assurance that a technology systems breach or systems failure, which may nonetheless occur and go undetected, will not have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Our business and our reputation could be adversely affected by the failure to protect sensitive customer, employee or vendor data, whether as a result of cyber security attacks or otherwise, or to comply with applicable regulations relating to data security and privacy.

In the normal course of our business as a motor fuel and merchandise retailer, we obtain large amounts of personal data, including credit and debit card information from our customers. While we have invested significant amounts in the protection of our IT systems and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur.

Cyber-attacks are rapidly evolving and becoming increasingly sophisticated. A successful cyber-attack resulting in the loss of sensitive customer, employee or vendor data could adversely affect our reputation, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Moreover, a security breach could require that we expend significant additional resources to further upgrade the security measures that we employ to guard against cyber-attacks.

Further, complying with continually evolving regulations associated with the protection of credit and debit card information is costly and taking these measures does not necessarily provide an offsetting financial benefit to us. Failure to comply with these regulations could subject us or our dealers to fines or other regulatory sanctions (potentially including discontinuing operations) and potentially to lawsuits. Additionally, if we acquire a company that has violated or is not in compliance with applicable data protection laws, we may incur significant liabilities and penalties as a result. The cost of compliance and the ramifications of non-compliance could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

Our debt levels and debt covenants may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

We have a significant amount of debt. As of December 31, 2020, we had $513.2 million of total debt and $188.1 million of availability under our revolving credit facility. Our level of indebtedness could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired, or such financing may not be available on favorable terms;
- covenants contained in our credit facility will require us to meet financial tests that may affect our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities;
- we will need a substantial portion of our cash flow to make interest payments on our indebtedness, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;
- our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and
- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our indebtedness will depend upon, among other things, our future financial and operating performance, which may be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions, such as reducing distributions, reducing or delaying our business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital or bankruptcy protection. We may not be able to affect any of these actions on satisfactory terms, or at all.

An increase in interest rates may cause the market price of our common units to decline and a significant increase in interest rates could adversely affect our ability to service our indebtedness.

Like all equity investments, an investment in our common units is subject to certain risks. Borrowings under the credit facility bear interest at variable rates, subject to interest rate swap contracts we entered into to hedge future changes in variable rates. If market interest rates increase, such variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow and ability to make cash distributions. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower-risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk-adjusted rates of return by purchasing government-backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield-based equity investments such as publicly traded limited partnership interests. Reduced demand for our common units resulting from investors seeking other more favorable investment opportunities may cause the trading price of our common units to decline.

The interest rate on our credit facility is variable; therefore, we have exposure to movements in interest rates, subject to our interest rate swap contracts. A significant increase in interest rates could adversely affect our ability to service our indebtedness. The increased cost could make the financing of our business activities more expensive. These added expenses could have an adverse effect on our financial condition, results of operations and cash available for distribution to our unitholders.

LIBOR, the interest rate benchmark used as a reference rate on our variable rate credit facility, is expected to be phased out after 2021, when private-sector banks are no longer required to report the information used to set the rate. Without this data, LIBOR may no longer be published, or the lack of quality and quantity of data may cause the rate to no longer be representative of the market. At this time, no consensus exists as to what rate or rates will become accepted alternatives to LIBOR, although the U.S. Federal Reserve, in connection with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with the Secured Overnight Financing Rate ("SOFR"). SOFR is a more generic measure than LIBOR and considers the cost of borrowing cash overnight, collateralized by U.S. Treasury securities. Given the inherent differences between LIBOR and SOFR or any other alternative benchmark rate that may be established, there are many uncertainties regarding a transition from LIBOR, including but not limited to the need to amend all contracts with LIBOR as the referenced rate and how this will impact the Partnership's cost of variable rate debt. The Partnership will also need to consider new contracts and if they should reference an alternative benchmark rate or include suggested fallback language, as published by the Alternative Reference Rates Committee. The consequences of these developments with respect to LIBOR cannot be entirely predicted and span multiple future periods but could result in an increase in the cost of our variable rate debt, which may be detrimental to our financial position or operating results.

Our credit facility contains operating and financial restrictions that may limit our business, financing activities and ability to make distributions to unitholders.

The operating and financial restrictions and covenants in our credit facility and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, our credit facility may restrict our ability to:

- make distributions if any potential default or event of default occurs;
- incur additional indebtedness, including the issuance of certain preferred equity interests, or guarantee other indebtedness;
- grant liens or make certain negative pledges;
- make certain advances, loans or investments;
- make any material change to the nature of our business, including mergers, consolidations, liquidations and dissolutions;
- make certain capital expenditures in excess of specified levels;
- acquire another company;

- enter into a sale-leaseback transaction or certain sales or leases of assets;
- enter into certain affiliate transactions; or
- make certain repurchases of equity interests.

Our credit facility limits our ability to pay distributions upon the occurrence of the following events, among others:

- failure to pay any principal when due or failure to pay any interest, fees or other amounts owed under our credit facility when due, subject to any applicable grace period;
- failure of any representation or warranty in our credit agreement to be true and correct, and the failure of any representation or warranty in any other agreement delivered in connection with our credit facility to be true and correct in any material respect;
- failure to perform or otherwise comply with the covenants in our credit facility or in other loan documents beyond the applicable notice and grace period;
- any default in the performance of any obligation or condition beyond the applicable grace period relating to any other indebtedness of more than certain thresholds;
- failure of the lenders to have a perfected first priority security interest in the collateral pledged by any loan party;
- the entry of one or more judgments in excess of certain thresholds, to the extent any payments pursuant to the judgment are not covered by insurance;
- a change in ownership or control of our General Partner or us;
- a violation of the Employee Retirement Income Security Act of 1974, or "ERISA"; and
- a bankruptcy or insolvency event involving us or any of our subsidiaries.

Our ability to comply with the covenants and restrictions contained in our credit facility may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions, covenants, ratios or tests in our credit facility, the debt issued under the credit facility may become immediately due and payable, and our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under our credit facility will be secured by substantially all of our assets, and if we are unable to repay our indebtedness under our credit facility, the lenders could seek to foreclose on such assets.

We do not own all of the land on which our retail sites and certain facilities are located, which could result in increased costs and disruptions to our operations.

We do not own all of the land on which our retail sites and certain facilities are located, and we lease a portion of such sites from third parties under long-term arrangements with various expiration dates. As such, we are subject to the possibility that we are unable to renew such leases or are only able to do so with increased costs or more onerous terms, which could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We may not be able to lease sites we own or sub-lease sites we lease on favorable terms and any such failure could adversely affect our business, financial condition and results of operations and reduce our ability to make distributions to unitholders.

We may lease and/or sub-lease certain sites to lessee dealers or commission agents where the rent expense is more than the lease payments. If we are unable to obtain tenants on favorable terms for sites we own or lease, the lease payments we receive may not be adequate to cover our rent expense for leased sites and may not be adequate to ensure that we meet our debt service requirements. We cannot provide any assurance that the margins on our wholesale distribution of motor fuels to these sites will be adequate to offset unfavorable lease terms. The occurrence of these events could have a material adverse effect on our business, financial condition, results of operations and cash available for distribution to our unitholders.

We rely on DMI to 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 at our Predecessor Entity's sites. To the extent escrow accounts, insurance and/or payments from DMI are not sufficient to cover any such costs or expenses, our business, financial condition and results of operations and ability to make distributions to unitholders could be adversely affected.

The Circle K Omnibus Agreement provides that DMI 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 at our Predecessor Entity's sites. Such indemnification survives the termination of the Circle K Omnibus Agreement. DMI is the beneficiary of escrow accounts created to cover the cost to remediate certain environmental liabilities. In addition, DMI maintains insurance policies to cover environmental liabilities and/or, where available, participates in state programs that may also assist in funding the costs of environmental liabilities. There are certain sites that were acquired by us in connection with the IPO with existing environmental liabilities that are not covered by escrow accounts, state funds or insurance policies. To the extent escrow accounts, insurance and/or payments from DMI are not sufficient to cover any such costs or expenses, our business, liquidity and results of operations could be adversely affected.

We rely on Circle K to 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 asset exchanges with Circle K and the CST Fuel Supply Exchange. To the extent escrow accounts, insurance and/or payments from Circle K are not sufficient to cover any such costs or expenses, our business, financial condition and results of operations and ability to make distributions to unitholders could be adversely affected.

The Asset Exchange Agreement and related agreements provide that Circle K 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 asset exchanges with Circle K and the CST Fuel Supply Exchange. Such indemnification survives the termination of the Circle K Omnibus Agreement. Circle K is the beneficiary of escrow accounts created to cover the cost to remediate certain environmental liabilities. In addition, Circle K maintains insurance policies to cover environmental liabilities and/or, where available, participates in state programs that may also assist in funding the costs of environmental liabilities. To the extent escrow accounts, insurance and/or payments from Circle K are not sufficient to cover any such costs or expenses, our business, liquidity and results of operations could be adversely affected.

Risks Inherent in our Structure

The Topper Group controls the sole member of our General Partner, which has sole responsibility for conducting our business and managing our operations. Our General Partner and its affiliates, including the Topper Group, have conflicts of interest with us and limited fiduciary duties and they may favor their own interests to the detriment of our unitholders and us.

The Topper Group controls the sole member of our General Partner and therefore has the ability to appoint all of the directors of our Board. Although our General Partner has a legal duty to manage us in good faith, the General Partner and its executive officers (as employees of the Topper Group) have a fiduciary duty to manage our General Partner in a manner beneficial to its owner, the Topper Group. Furthermore, certain officers of our General Partner are directors of our Board or officers of affiliates of our General Partner. Therefore, conflicts of interest may arise between us and our unitholders, on the one hand, and our General Partner and its affiliates, including the Topper Group, on the other hand. In resolving these conflicts of interest, under the Partnership Agreement, our General Partner may favor its own interests and the interests of the Topper Group over our interests and the interests of our common unitholders. These conflicts include the following situations, among others:

- our General Partner is allowed to take into account the interests of parties other than us, such as the Topper Group, in resolving conflicts of interest, which has the effect of limiting its fiduciary duty to our unitholders;
- neither our Partnership Agreement nor any other agreement requires the Topper Group to pursue a business strategy that favors us;
- officers of our General Partner who provide services to us may devote time to affiliates of our General Partner and may be compensated for services rendered to such affiliate;
- our Partnership Agreement limits the liability of and reduces fiduciary duties owed by our General Partner and also restricts the remedies available to unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty;
- except in limited circumstances, our General Partner has the power and authority to conduct our business without unitholder approval;

- our General Partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and the creation, reductions or increases of cash reserves, each of which can affect the amount of cash that is available for distribution to our unitholders;
- our General Partner determines the amount and timing of any capital expenditures and whether a capital expenditure is classified as a maintenance capital expenditure, which reduces operating surplus. Such determination can affect the amount of cash available for distribution to our unitholders;
- our General Partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions;
- our Partnership Agreement permits us to distribute up to $15 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus;
- our Partnership Agreement does not restrict our General Partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf;
- our General Partner intends to limit its liability regarding our contractual and other obligations;
- our General Partner may exercise its right to call and purchase our common units if it and its affiliates own more than 80% of our common units;
- our General Partner controls the enforcement of obligations that it and its affiliates owe to us; and
- our General Partner decides whether to retain separate counsel, accountants or others to perform services for us.

The Topper Group or the Board may modify or revoke our cash distribution policy at any time at their discretion. Our Partnership Agreement does not require us to pay any distributions at all.

The Board has adopted a cash distribution policy pursuant to which we intend to distribute quarterly an amount at least equal to the minimum quarterly distribution of $0.4375 per unit on all of our units to the extent we have sufficient cash from our operations after the establishment of reserves and the payment of our expenses. However, the Topper Group, as the owner of our General Partner, or the Board may change such policy at any time at their discretion and could elect not to pay distributions for one or more quarters. In addition, our credit facility includes specified restrictions on our ability to make distributions.

Our Partnership Agreement does not require us to pay any distributions at all. Accordingly, investors are cautioned not to place undue reliance on the permanence of our distribution policy in making an investment decision. Any modification or revocation of our cash distribution policy could substantially reduce or eliminate the amounts of distributions to our unitholders. The amount of distributions we make, if any, and the decision to make any distribution at all, will ultimately be determined by the Topper Group as the owner of all of the membership interests in the sole member of our General Partner, whose interests may differ from those of our common unitholders.

We rely on the employees of the Topper Group to provide key management services to our business pursuant to the Topper Group Omnibus Agreement. If our Topper Group Omnibus Agreement were to be terminated, we may not be able to find suitable replacements to perform such services for us without interruption to our business or increased costs.

Under our Topper Group Omnibus Agreement, the Topper Group provides us with the personnel necessary to support our management, administrative and operating services, including accounting, tax, legal, internal audit, risk management and compliance, environmental compliance and remediation management oversight, treasury, information technology and other administrative functions, as well as the management and operation of our wholesale distribution and retail business. If our Topper Group Omnibus Agreement is terminated, we may suffer interruptions to our business or increased costs to replace these services.

The liability of the Topper Group and Couche-Tard is limited under our Topper Group Omnibus Agreement and Circle K Omnibus Agreement and we have agreed to indemnify the Topper Group and Couche-Tard against certain liabilities, which may expose us to significant expenses.

The Topper Group Omnibus Agreement and the Circle K Omnibus Agreement provide that we must indemnify the Topper Group and Couche-Tard for certain liabilities, including any liabilities incurred by the Topper Group and Couche-Tard attributable to the operating and administrative services provided to us under the agreement, other than liabilities resulting from the Topper Group's or Couche-Tard's bad faith, fraud, or willful misconduct, as applicable.

Our General Partner has limited liability regarding our obligations.

Our General Partner has limited liability under contractual arrangements between us and third parties so that the counterparties to such arrangements have recourse only against our assets, and not against our General Partner or its assets. Our General Partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our General Partner. Our Partnership Agreement provides that any action taken by our General Partner to limit its liability is not a breach of our General Partner's fiduciary duties, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our General Partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

If we distribute a significant portion of our cash available for distribution to our partners, our ability to grow and make acquisitions could be limited.

We may determine to distribute a significant portion of our cash available for distribution to our unitholders. In addition, we expect to rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and expansion capital expenditures. To the extent we are unable to finance growth externally, distributing a significant portion of our cash available for distribution may impair our ability to grow.

In addition, if we distribute a significant portion of our cash available for distribution, our growth may lag behind the growth of businesses that reinvest all of their cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our Partnership Agreement or our credit facility on our ability to issue additional common units, provided there is no default under the credit facility. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may impact the cash available for distribution to our unitholders.

Our Partnership Agreement replaces, eliminates and modifies, as applicable, the duties, including the fiduciary duties, of our General Partner, the Board or any committee thereof, and modifies the burden of proof in any action brought against the General Partner, the Board or any committee thereof.

Our Partnership Agreement contains provisions that modify the duties of the General Partner, including the fiduciary duties of the General Partner, and restricts the remedies available to unitholders for actions taken by our General Partner that might otherwise constitute breaches of fiduciary duty under Delaware partnership law. For example, our Partnership Agreement:

- provides that whenever our General Partner, the Board or any committee of the Board makes a determination or takes, or declines to take, any other action in its capacity as the general partner of the Partnership, our General Partner is required to make such determination, or take or decline to take such other action, in good faith, and will not be subject to any higher standard under any Delaware Act (as defined below), or any other law, rule or regulation, or at equity;
- provides that any determination, act or failure to act by our General Partner will be deemed in good faith unless such party believed such determination, other action or failure to act, given the totality of the circumstance, was averse to the interests of the Partnership;
- in any proceeding brought by the Partnership, any limited partner, or any Person who acquires an interest in a Partnership interest or any other Person who is bound by the Partnership Agreement, challenging such action, determination or failure to act, the Person bringing or prosecuting such proceeding shall have the burden of proving that such determination, action or failure to act was not in good faith;
- provides that whenever the General Partner makes a determination or takes or declines to take any other action in its individual capacity as opposed to in its capacity as the general partner of the Partnership, whether under the Partnership Agreement or any other agreement contemplated thereby, then the General Partner, or any affiliate thereof, is entitled to the fullest extent permitted by law, to make such determination or to take or decline to take such other action free of any fiduciary duty, duty of good faith, obligation imposed by Delaware Act, law, rule or in equity to the Partnership, any limited partner or any Person who acquires an interest in a Partnership interest or any other Person who is bound by the Partnership Agreement. Examples of decisions that our General Partner may make in its individual capacity include:
  - how to allocate business opportunities among us and its affiliates;
  - whether to exercise its call right; and

    - whether or not to consent to any merger or consolidation of the Partnership or amendment to the Partnership Agreement.

- provides that our General Partner and its officers and directors will not be liable for monetary damages to the Partnership or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our General Partner or its officers and directors, as the case may be, acted in bad faith or, in the case of a criminal matter, acted with knowledge that the conduct was criminal;
- provides that the General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted in reliance upon the advice or opinion (including an opinion of counsel) of such persons as to matters that the General Partner reasonably believes to be within such person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such advice or opinion; and
- provides that our General Partner will not be in breach of its obligations under the Partnership Agreement or its fiduciary duties to us or our limited partners if a transaction with an affiliate or the resolution of a conflict of interest is:
    - approved by the independent conflicts committee of the Board, although our General Partner is not obligated to seek such approval; or
    - approved by the vote of a majority of the outstanding common units, excluding any common units owned by our General Partner and its affiliates.

By purchasing a common unit, a unitholder is treated as having consented to the provisions in the Partnership Agreement, including the provisions discussed above.

Our General Partner's affiliates, including the Topper Group, may compete with us.

Our Partnership Agreement provides that our General Partner will be restricted from engaging in any business activities other than acting as our General Partner and those activities incidental to its ownership interest in us. Except as provided in the Topper Group Omnibus Agreement, affiliates of our General Partner are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us.

Pursuant to the terms of our Partnership Agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our General Partner, the Topper Group or any of their affiliates, including their executive officers and directors. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our General Partner and result in less than favorable treatment of our unitholders and us. Conflicts of interest may arise in the future between us and our unitholders, on the one hand, and the affiliates of our General Partner and the Topper Group, on the other hand. In resolving these conflicts, the Topper Group may favor its own interests over the interests of our unitholders.

Holders of our common units have limited voting rights and are not entitled to elect our General Partner or the directors of the Board, which could reduce the price at which the common units will trade.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders will have no right on an annual or ongoing basis to elect or remove the members of our Board. The Board, including the independent directors, is chosen entirely by the Topper Group, as a result of its ownership of all the membership interests in the sole member of our General Partner, and not by our unitholders. Unlike publicly traded corporations, we will not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. As a result of these limitations, the price at which the common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

Even if holders of our common units are dissatisfied, they may not be able to remove our General Partner.

If our unitholders are dissatisfied with the performance of our General Partner, they will have limited ability to remove our General Partner. The vote of the holders of at least 66 2⁄3% of all outstanding common units voting together as a single class is required to remove our General Partner. As of February 22, 2021, the Topper Group beneficially owned approximately 48.9% of our outstanding common units.

Our General Partner interest or the control of our General Partner may be transferred to a third party without unitholder consent.

Our General Partner may transfer its General Partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, our Partnership Agreement does not restrict the ability of the Topper Group to transfer its membership interests in the sole member of our General Partner to a third party. The new members of our General Partner would then be in a position to replace the Board and executive officers of our General Partner with their own designees and thereby exert significant control over the decisions taken by the Board and executive officers of our General Partner. This effectively permits a "change of control" without the vote or consent of the unitholders.

Our General Partner has a call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our General Partner and its affiliates hold more than 80% of the common units, our General Partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date that is three days before notice of exercise of the call right is first mailed and (2) the highest per-unit price paid by our General Partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our General Partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the call right. There is no restriction in our Partnership Agreement that prevents our General Partner from issuing additional common units and exercising its call right. If our General Partner exercised its call right, the effect would be to take us private and, following the deregistering of the units, we would no longer be subject to the reporting requirements of the Exchange Act. As of February 22, 2021, the Topper Group beneficially owned approximately 48.9% of our outstanding common units.

The market price of our common units could be adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by the Topper Group or other large holders.

As of February 22, 2021, we had 37,868,046 common units outstanding. Sales by the Topper Group or other large holders of a substantial number of our common units in the public or private markets, or the perception that such sales might occur, could have a material adverse effect on the price of our common units or could impair our ability to obtain capital through an offering of equity securities. In addition, we have agreed to provide registration rights to the Topper Group. Under our Partnership Agreement and pursuant to a registration rights agreement that we have entered into, the Topper Group has registration rights relating to the offer and sale of any units that it holds, subject to certain limitations.

We may issue unlimited additional units without unitholder approval, which would dilute existing unitholder ownership interests.

Our Partnership Agreement does not limit the number of additional limited partner interests, including limited partner interests that rank senior to the common units that we may issue at any time without the approval of our unitholders. The issuance of additional common units or other equity interests of equal or senior rank could have the following effects:

- our existing unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- the risk that a shortfall in the payment of the minimum quarterly distribution will be borne by our common unitholders will increase;
- the ratio of taxable income to distributions may increase;

- the relative voting strength of each previously outstanding unit may be diminished;
- the claims of the common unitholders to our assets in the event of our liquidation may be subordinated and/or diluted; and
- the market price of our common units may decline.

Our General Partner's discretion in establishing cash reserves may reduce the amount of cash available for distribution to unitholders.

The Partnership Agreement requires our General Partner to deduct from operating surplus cash reserves that it determines are necessary to fund our future operating expenditures. The General Partner may reduce cash available for distribution by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party or to provide funds for future distributions to partners. These cash reserves will affect the amount of cash available for distribution to unitholders.

Our Partnership Agreement restricts the voting rights of unitholders owning 20% or more of our common units.

Our Partnership Agreement restricts unitholders' voting rights by providing that any units held by a person or group that owns 20% or more of any class of units then outstanding, other than our General Partner and its affiliates, their transferees and persons who acquired such units with the prior approval of the Board, cannot vote on any matter.

Management fees and cost reimbursements due to our General Partner and the Topper Group for services provided to us or on our behalf will reduce cash available for distribution to our unitholders. The amount and timing of such reimbursements will be determined by our General Partner.

Prior to making any distribution on our common units, we will pay the Topper Group the management fee and reimburse our General Partner and the Topper Group for all out-of-pocket third-party expenses they incur and payments they make on our behalf, pursuant to the Topper Group Omnibus Agreement. Our Partnership Agreement provides that our General Partner will determine in good faith the expenses that are allocable to us. In addition, pursuant to the Topper Group Omnibus Agreement, the Topper Group will be entitled to reimbursement for certain expenses that they incur on our behalf. Our Partnership Agreement does not limit the amount of expenses for which our General Partner and the Topper Group may be reimbursed. The reimbursement of expenses and payment of fees, if any, to our General Partner and the Topper Group will reduce the amount of cash available to pay distributions to our unitholders.

Unitholders may have liability to repay distributions and in certain circumstances may be personally liable for the obligations of the Partnership.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act (the "Delaware Act"), we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to the Partnership are not counted for purposes of determining whether a distribution is permitted.

It may be determined that the right, or the exercise of the right by the limited partners as a group, to (i) remove or replace our General Partner, (ii) approve some amendments to our Partnership Agreement or (iii) take other action under our Partnership Agreement constitutes "participation in the control" of our business. A limited partner that participates in the control of our business within the meaning of the Delaware Act may be held personally liable for our obligations under the laws of Delaware, to the same extent as our General Partner. This liability would extend to persons who transact business with us under the reasonable belief that the limited partner is a General Partner. Neither our Partnership Agreement nor the Delaware Act specifically provides for legal recourse against our General Partner if a limited partner were to lose limited liability through any fault of our General Partner.

The NYSE does not require a publicly traded partnership like us to comply with certain of its corporate governance requirements.

Our common units are listed on the NYSE. Because we are a publicly traded partnership, the NYSE does not require us to have, and we do not intend to have, a majority of independent directors on our Board or to establish and maintain a compensation committee or a nominating and corporate governance committee. Additionally, any future issuance of additional common units or other securities, including to our affiliates, will not be subject to the NYSE's shareholder approval rules that apply to a corporation. Accordingly, unitholders will not have the same protections afforded to corporations (other than "controlled companies") that are subject to all of the NYSE corporate governance requirements.

Tax Risks

Our tax treatment depends in large part on our status as a partnership for U.S. federal income tax purposes and our otherwise not being subject to a material amount of U.S. federal, state and local income or franchise tax. If the IRS were to treat us as a corporation for U.S. federal income tax purposes or if we were to otherwise be subject to a material amount of additional entity level income, franchise or other taxation for U.S. federal, state or local tax purposes, then our cash available for distribution to our unitholders would be substantially reduced.

The anticipated after-tax benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes. First, a partnership is exempt from U.S. federal income tax, and the partnership's income is instead allocated to the partners for inclusion on their tax returns. Second, under the Tax Cuts and Jobs Act, the partner may also deduct from the partnership's taxable income allocable to such partner an amount equal to 20% of such qualified business income (subject to certain limits), resulting in a lower effective tax rate for the partner with respect to the partnership's income. A publicly traded partnership, such as us, may be treated as a corporation, instead of being treated as a partnership, for U.S. federal income tax purposes unless 90% or more of its gross income for every taxable year it is publicly traded consists of qualifying income. Based on our current operations we believe that we will be able to satisfy this requirement and, thus, be treated as a partnership, rather than a corporation, for U.S. federal income tax purposes. However, a change in our business, or a change in current law, could also cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to entity-level taxation.

If we were required to be treated as a corporation for U.S. federal income tax purposes or otherwise subject to entity-level taxation, then we would pay U.S. federal income tax on our taxable income at the corporate tax rate which, under current law, is 21%. We would also likely pay state and local income tax at varying rates. Distributions to our unitholders would generally be taxed again as either a dividend (to the extent of our current and accumulated earnings and profits) and/or as taxable gain after recovery of a unitholder's U.S. federal income tax basis in their units, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a U.S. federal income tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Thus, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders.

At the state level, were we to be subject to federal income tax, we would also be subject to the income tax provisions of many states. Moreover, because of widespread state budget deficits and other reasons, several states are evaluating ways to independently subject partnerships to entity-level taxation through the imposition of state income taxes, franchise taxes and other forms of taxation. Imposition of any additional such taxes on us or an increase in the existing tax rates would reduce the cash available for distribution to our unitholders.

Our Partnership Agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that results in us becoming subject to either: (a) entity-level taxation for U.S. federal, state, local and/or foreign income and/or withholding tax purposes to which we were not subject prior to such enactment, modification or interpretation, and/or (b) an increased amount of one or more of such taxes (including as a result of an increase in tax rates), then the minimum quarterly distribution amounts and the target distribution amounts may be adjusted (i.e., reduced) to reflect the impact of that law on us.

We have subsidiaries that are treated as corporations for U.S. federal income tax purposes and are subject to entity-level U.S. federal, state and local income and franchise tax.

We conduct a portion of our operations and business through one or more direct and indirect subsidiaries that are treated as C corporations for federal income tax purposes (including LGWS). We may elect to conduct additional operations through these corporate subsidiaries in the future. These corporate subsidiaries are subject to corporate-level taxes, at the corporate tax rate, which is currently 21%, and will also likely be subject to state (and possibly local) income tax at varying rates, on their taxable income. Any such entity level taxes will reduce the cash available for distribution to us and, in turn, to unitholders. If the IRS were to successfully assert that these corporations have more tax liability than we anticipate or legislation were enacted that increased the corporate tax rate, our cash available for distribution to unitholders would be further reduced. Distributions from any such C corporation will generally be taxed again to unitholders as dividend income to the extent of current and accumulated earnings and profits of such C corporation. The maximum federal income tax rate applicable to qualified dividend income that is allocable to individuals is 20%. An individual unitholders' share of dividend and interest income from LGWS or other C corporation subsidiaries would constitute portfolio income that could not be offset by the unitholders' share of our other losses or deductions.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or of an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. For example, from time to time, members of Congress propose and consider such substantive changes to the existing federal income tax laws that affect publicly traded partnerships. If successful, these proposals or other similar proposals could eliminate the qualifying income exception upon which we rely for our treatment as a partnership for U.S. federal income tax purposes.

Any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to be treated as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

If the IRS contests the U.S. federal income tax positions we take, the market for our common units may be adversely impacted and the costs of any contest will reduce our cash available for distribution to our unitholders. We have not requested any ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes or any other U.S. federal income tax matter affecting us. The IRS may adopt positions that differ from the conclusions of our counsel expressed in our disclosures or from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of our counsel's conclusions or the positions we take, and such positions may not ultimately be sustained. A court may not agree with some or all of our counsel's conclusions or the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, the costs of any contest with the IRS, which will be borne indirectly by our unitholders and our General Partner, will result in a reduction in cash available for distribution.

Our unitholders are required to pay taxes on their share of income from us even if they do not receive any cash distributions from us. A unitholder's share of our taxable income, and its relationship to any distributions we make, may be affected by a variety of factors, including our economic performance, transactions in which we engage or changes in law and may be substantially different from any estimate we make in connection with a unit offering.

Our unitholders are required to pay U.S. federal income taxes and, in some cases, state and local taxes, on their allocable share of our taxable income and gain even if they do not receive any cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax due with respect to that income.

A unitholder's share of our taxable income, and its relationship to any distributions we make, may be affected by a variety of factors, including our economic performance, which may be affected by numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control, and certain transactions in which we might engage. For example, we may engage in transactions that produce substantial taxable income allocations to some or all of our unitholders without a corresponding increase in cash distributions to our unitholders, such as a sale or exchange of assets, the proceeds of which are reinvested in our business or used to reduce our debt, or an actual or deemed satisfaction of our indebtedness for an amount less than the adjusted issue price of the debt. A unitholder's ratio of its share of taxable income to the cash received by it may also be affected by changes in law.

From time to time, in connection with an offering of our common units, we may state an estimate of the ratio of federal taxable income to cash distributions that a purchaser of our common units in that offering may receive in a given period. These estimates depend in part on factors that are unique to the offering with respect to which the estimate is stated, so the expected ratio applicable to other common units will be different, and in many cases less favorable, than these estimates. Moreover, even in the case of common units purchased in the offering to which the estimate relates, the estimate may be incorrect, due to the uncertainties described above, challenges by the IRS to tax reporting positions which we adopt, or other factors. The actual ratio of taxable income to cash distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of our common units.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. Under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." However, the CARES Act increased the limitation for tax year 2020 to 50% of our adjusted taxable income. For purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization or depletion.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If a unitholder sells common units, the unitholder will recognize a gain or loss equal to the difference between the amount realized and that unitholder's tax basis in those common units. Distributions per common unit in excess of a unitholder's allocable share of our net taxable income result in a decrease in that unitholder's tax basis in its common units. The amount of this decreased tax basis, with respect to the units sold will, in effect, become taxable income to that unitholder, if that unitholder sells such units at a price greater than that unitholder's tax basis in those units, even if the sales price received is less than the original cost. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture of depreciation and amortization deductions and certain other items. In addition, because the amount realized includes a unitholder's share of our non-recourse liabilities, if a unitholder sells units, that unitholder may incur a tax liability in excess of the amount of cash received from the sale.

Tax-exempt organizations and non-U.S. persons face unique tax issues from owning common units that may result in adverse tax consequences to them.

Investment in our common units by an organization that is exempt from U.S. federal income tax, such as employee benefit plans, individual retirement accounts and non-U.S. persons raises issues unique to them. For example, a substantial amount of our U.S. federal taxable income and gain constitute gross income from an unrelated trade or business and the amount thereof allocable to a tax-exempt organization would be taxable to such organization as unrelated business taxable income. Distributions to a non-U.S. person that holds our common units will be reduced by U.S. federal withholding taxes imposed at the highest applicable U.S. federal income tax rate and such non-U.S. person will be required to file U.S. federal income tax returns and pay U.S. federal income tax, to the extent not previously withheld, on his, her or its allocable share of our taxable income and gain.

Under the recently enacted Tax Cuts and Jobs Act, if a unitholder sells or otherwise disposes of a common unit, the transferee is required to withhold 10% of the amount realized by the transferor unless the transferor certifies that it is not a foreign person, and we are required to deduct and withhold from the transferee amounts that should have been withheld by the transferee but were not withheld. However, the Department of the Treasury and the IRS have determined that this withholding requirement should not apply to any disposition of a publicly traded interest in a publicly traded partnership (such as us) until regulation or other guidance has been issued clarifying the application of this withholding requirement to dispositions of interests in publicly traded partnerships. Accordingly, while this new withholding requirement does not currently apply to interests in us, there can be no assurance that such requirement will not apply in the future.

Any tax-exempt organization or a non-U.S. person should consult its tax advisor before investing in our common units.

Our unitholders are subject to state and local income taxes and return filing requirements in states and localities where they do not live as a result of investing in our common units.

In addition to U.S. federal income taxes, our unitholders will likely be subject to other taxes, such as state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property, even if they do not live in any of those jurisdictions. Our unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements. We currently conduct business in 34 states (see "Item 2. Properties"). Each unitholder must assess the need to file and pay income tax in these states on their allocated share of partnership taxable income. We may own property or conduct business in other states, localities or foreign countries in the future. It is the responsibility of each unitholder to file all U.S. federal, state, local and foreign tax returns. In certain states, tax losses may not produce a tax benefit in the year incurred and also may not be available to offset income in subsequent tax years. Some states may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder not otherwise exempt from withholding, who is not a resident of the state. Withholding, the amount of which may be greater or less than a particular unitholders' income tax liability to the state, generally does not relieve a nonresident unitholder from the obligation to file a state income tax return. Amounts withheld may be treated as if distributed to unitholders for purposes of determining the amounts distributed by us. Our counsel has not rendered an opinion on the state, local or non-U.S. tax consequences of an investment in our common units.

We will treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Because we cannot match transferors and transferees of common units, we will adopt depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of U.S. federal income tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain for U.S. federal income tax purposes from any sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder's U.S. federal income tax returns.

We prorate our items of income, gain, loss and deduction for U.S. federal income tax purposes and allocate them between transferors and transferees of our common units each month based upon the ownership of our common units on the first business day of each month and as of the opening of the applicable exchange on which our common units are listed, instead of on the basis of the date a particular common unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. Treasury Regulations allow a similar monthly convention, but such regulations do not specifically authorize the use of the proration method we have adopted. If the IRS were to successfully challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

If a unitholder loans their common units to a short seller to cover a short sale of common units, they may be considered to have disposed of those common units for U.S. federal income tax purposes. If so, the unitholder would no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan and they may recognize gain or loss from such deemed disposition.

Because a unitholder whose common units are loaned to a "short seller" to cover a short sale of common units may be considered as having disposed of the loaned common units, the unitholder may no longer be treated for federal income tax purposes as a partner with respect to those common units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan of common units to the short seller, any of our income, gain, loss or deduction with respect to such common units may not be reportable by the respective unitholder, and any cash distributions received by the unitholder as to those common units could be fully taxable to them as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from loaning their common units.

We have adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between our General Partner and the unitholders. The IRS may challenge this treatment, which could adversely affect the value of the common units.

When we issue additional units or engage in certain other transactions, our General Partner will determine the fair market value of our assets and allocate any unrealized gain or loss attributable to our assets to the capital accounts of our unitholders and our General Partner. Although we may from time to time consult with professional appraisers regarding valuation matters, including the valuation of our assets, our General Partner will make many of the fair market value determinations of our assets using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. Our methodology may be viewed as understating or overstating the value of our assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and our General Partner, which may be unfavorable to such unitholders. The IRS may challenge our valuation methods and allocations of income, gain, loss and deduction between our General Partner and certain of our unitholders.

A successful IRS challenge to these methods or allocations could adversely affect the amount of taxable income, gain or loss being allocated to our unitholders for U.S. federal income tax purposes. It also could affect the amount of taxable gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' U.S. federal income tax returns without the benefit of additional deductions.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it (and some states) may assess and collect any resulting taxes (including any applicable penalties and interest) directly from us, in which case we may require our unitholders and former unitholders to reimburse us for such taxes (including any applicable penalties or interest) or, if we are required to bear such payment, our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it (and some states) may assess and collect any resulting taxes (including any applicable interest and penalties) directly from us. We will generally have the ability to shift any such tax liability to our General Partner and our unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to do so (or will choose to do so) under all circumstances, or that we will be able to (or choose to) effect corresponding shifts in state income or similar tax liability resulting from the IRS adjustment in states in which we do business in the year under audit or in the adjustment year. If we make payments of taxes, penalties and interest resulting from audit adjustments, we may require our unitholders and former unitholders to reimburse us for such taxes (including any applicable penalties or interest) or, if we are required to bear such payment, our cash available for distribution to our unitholders might be substantially reduced. Additionally, we may be required to allocate an adjustment disproportionately among our unitholders, causing the publicly traded units to have different capital accounts, unless the IRS issues further guidance.

In the event the IRS makes an audit adjustment to our income tax returns and we do not or cannot shift the liability to our unitholders in accordance with their interests in us during the year under audit, we will generally have the ability to request that the IRS reduce the determined underpayment by reducing the suspended passive loss carryovers of our unitholders (without any compensation from us to such unitholders), to the extent such underpayment is attributable to a net decrease in passive activity losses allocable to certain partners. Such reduction, if approved by the IRS, will be binding on any affected unitholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table shows the aggregate number of sites we owned or leased by customer group at December 31, 2020:

	Owned Sites	Leased Sites	Total Sites	Percentage of Total Sites
Lessee dealers	429	313	742	67%
Circle K	11	—	11	1%
Commission agents	151	44	195	18%
Company operated	42	108	150	14%
Total	633	465	1,098	100%

We conduct business at sites located in Alabama, Arkansas, Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Virginia, West Virginia and Wisconsin.

The following table provides a history of our sites acquired, changes between customer groups or sold during 2020:

	Lessee Dealers	DMS	Circle K	Commission Agents	Company Operated	Total
Number at beginning of year	716	68	46	173	—	1,003
Acquired	90	—	—	18	62	170
Changes between customer groups	(37)	(66)	(1)	12	92	—
Divested	(27)	(2)	(34)	(8)	(4)	(75)
Number at end of year [(a)]	742	—	11	195	150	1,098

(a) Excludes independent commission sites and includes sites where we collect rent but to which we do not distribute motor fuel and closed sites.

Our principal executive offices are in Allentown, Pennsylvania in approximately 47,000 square feet of leased office space.

ITEM 3. LEGAL PROCEEDINGS

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 a reserve 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.

Additional information regarding legal proceedings is included in Note 18 to the financial statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

As of February 22, 2021, we had 37,868,046 common units outstanding, held by approximately 20 holders of record. Our common units are listed and trade on the NYSE under the symbol "CAPL." Included in the number of common units outstanding are 10,053,028 common units currently owned by the Topper Group, which cannot be transferred absent registration with the SEC or an available exemption from the SEC's registration requirements.

Cash Distribution Policy

General

The Board has adopted a policy to make cash distributions per unit each quarter, in an amount determined by the Board following the end of such quarter. In general, we expect that cash distributed for each quarter will equal cash generated from operations less cash needed for maintenance capital expenditures, accrued but unpaid expenses (including the management fee to the Topper Group), reimbursement of expenses incurred by our General Partner, debt service and other contractual obligations and reserves for future operating and capital needs or for future distributions to our partners. We expect that the Board will reserve excess cash, from time to time, in an effort to sustain or permit gradual or consistent increases in quarterly distributions. Restrictions in our credit facility could limit our ability to pay distributions upon the occurrence of certain events. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Facility." The Board may also determine to borrow to fund distributions in quarters when we generate less cash available for distribution than necessary to sustain or grow our cash distributions per unit. The factors that we believe will be the primary drivers of our cash generated from operations are changes in demand for motor fuels, the number of sites to which we distribute motor fuels, the margin per gallon we are able to generate at such sites and the profitability of sites we own and lease.

Our cash distribution policy, established by our General Partner, is to distribute each quarter an amount at least equal to the minimum quarterly distribution of $0.4375 per unit on all units ($1.75 per unit on an annualized basis). The distribution declared by the Board on January 21, 2021 was $0.5250 per unit (or $2.10 per unit on an annualized basis). Our General Partner may determine at any time that it is in the best interest of our Partnership to modify or revoke our cash distribution policy. Modification of our cash distribution policy may result in distributions of amounts less than, or greater than, our minimum quarterly distribution, and revocation of our cash distribution policy could result in no distributions at all. In addition, our credit facility includes certain restrictions on our ability to make cash distributions.

IDRs

On February 6, 2020, we closed on the Equity Restructuring Agreement that eliminated the IDRs. See Note 23 for further discussion on the elimination of the IDRs.

Unregistered Sales of Equity Securities and Use of Proceeds

Through February 22, 2021, the Topper Group holds an aggregate 10,053,028 common units that were issued as consideration for asset purchases, partial settlement of the management fee and the elimination of the IDRs. These units are all restricted and cannot be transferred absent registration with the SEC or an available exemption from the SEC's registration requirements. These issuances were made in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data reflect the operating data for the periods and as of the dates indicated.

To ensure a full understanding, you should read the selected financial data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and accompanying notes included in this Form 10-K.

The financial data below are presented in thousands.

	For the Year Ended December 31,				
	2020	2019	2018	2017	2016
Income Statement Data:					
Total revenues	$ 1,932,323	$ 2,149,429	$ 2,445,917	$ 2,094,827	$ 1,869,806
Operating income [a]	115,592	43,322	35,012	32,419	32,171
Net income [a]	107,456	18,076	5,246	23,176	10,715
Net income attributable to limited partners [a]	107,456	18,076	5,251	23,158	10,704
Net income per common unit-basic and diluted [a]	$ 2.87	$ 0.51	$ 0.11	$ 0.56	$ 0.22
Operating Data:					
Wholesale					
Average motor fuel distribution sites	1,612	1,256	1,242	1,183	1,128
Gallons of motor fuel distributed (in millions)	1,117	1,004	1,047	1,032	1,035
Motor fuel gross margin	$ 102,785	$ 71,918	$ 70,019	$ 58,844	$ 54,112
Motor fuel gross margin per gallon	$ 0.092	$ 0.072	$ 0.067	$ 0.057	$ 0.052
Rent income	$ 72,799	$ 81,427	$ 77,404	$ 79,344	$ 74,955
Retail					
Average total system sites	306	206	245	168	157
Gallons of motor fuel sold (in millions)	260	160	208	161	160
Motor fuel gross margin per gallon	$ 0.049	$ 0.032	$ 0.047	$ 0.045	$ 0.053
Merchandise gross margin percentage [b]	26.0%	21.2%	21.7%	24.4%	24.6%
Other Financial Data (unaudited)					
Adjusted EBITDA [c]	$ 107,416	$ 103,703	$ 113,352	$ 109,077	$ 103,634
Distributable Cash Flow [c]	$ 102,468	$ 80,123	$ 78,043	$ 81,234	$ 81,628
Distributions paid per common unit	$ 2.1000	$ 2.1000	$ 2.2025	$ 2.4800	$ 2.4000
Distribution Coverage [c]	1.31x	1.11x	1.03x	0.97x	1.02x

(a) As further discussed in Notes 2 and 24 to the financial statements, we adopted ASC 842 on lease accounting effective January 1, 2019, and as a result, our results for 2020 and 2019 are not directly comparable to the results for periods prior to 2019. 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.

(b) As further discussed in Note 24 to the financial statements, we reclassified revenues related to certain ancillary items such as car wash revenue, lottery commissions and ATM commissions from merchandise margin to other revenues for 2019 and 2018 to conform to the current year presentation, which impacted the merchandise gross profit percentages reported for 2019 and 2018. We did not conform 2017 and 2016 to the same presentation.

(c) See reconciliation of non-GAAP financial measures under the heading “Management’s Discussion of Financial Condition and Results of Operations—Results of Operations—Non-GAAP Financial Measures” below.

	As of December 31,				
	2020	2019	2018	2017	2016
Balance Sheet Data:					
Cash and cash equivalents	$ 513	$ 1,780	$ 3,191	$ 3,897	$ 1,350
Total current assets	74,821	69,386	50,862	80,506	65,407
Total assets	1,014,342	911,147	866,922	947,236	931,989
Total current liabilities	146,948	112,636	88,448	93,473	75,133
Long-term debt, excluding current portion	527,299	534,859	519,276	529,147	465,119
Total liabilities	904,674	832,750	755,989	776,217	711,178
Total equity	109,668	78,397	110,933	171,019	220,811

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following MD&A is intended to help the reader understand our results of operations and financial condition. This section is provided as a supplement to and should be read in conjunction with Items 1, 1A and 8 (which includes our consolidated financial statements) contained in this report.

MD&A is organized as follows:

- **Recent Developments**—This section describes significant recent developments.
- **Significant Factors Affecting Our Profitability**—This section describes the significant impact on our results of operations caused by crude oil commodity price volatility, seasonality and acquisition and financing activities.
- **Results of Operations**—This section provides an analysis of our results of operations, including the results of operations of our business segments and non-GAAP financial measures.
- **Liquidity and Capital Resources**—This section provides a discussion of our financial condition and cash flows. It also includes a discussion of our debt, capital requirements, other matters impacting our liquidity and capital resources and an outlook for our business.
- **New Accounting Policies**—This section describes new accounting pronouncements that we have already adopted, those that we are required to adopt in the future and those that became applicable in the current year as a result of new circumstances.
- **Critical Accounting Policies Involving Critical Accounting Estimates**—This section describes the accounting policies and estimates that we consider most important for our business and that require significant judgment.

Recent Developments

Purchase of the General Partner by the Topper Group

As a result of the GP Purchase, 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.

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 22, 2021, the Topper Group also has beneficial ownership of a 48.9% limited partner interest in the Partnership (see Note 23 for disclosure regarding the elimination of the IDRs).

Equity Restructuring

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

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

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

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

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

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

Asset Exchange Transactions with Circle K

During the third quarter of 2020, we completed the asset exchanges contemplated under the Asset Exchange Agreement entered into with Circle K on December 17, 2018 (the "Asset Exchange Agreement").

In the first asset exchange, which closed on May 21, 2019, Circle K transferred to the Partnership 60 (52 fee; 8 leased) U.S. company operated convenience and fuel retail stores ("CK Properties") having an aggregate fair value of approximately $58.1 million, and the Partnership transferred to Circle K 17 company operated properties and the real property for eight of the master lease properties ("CAPL Properties") having an aggregate fair value of approximately $58.3 million.

In the second asset exchange, which closed on September 5, 2019, Circle K transferred to the Partnership 56 (51 fee; 5 leased) CK Properties having an aggregate fair value of approximately $50.2 million, and the Partnership transferred to Circle K the real property for 19 CAPL Properties having an aggregate fair value of approximately $51.4 million.

In the third asset exchange, which closed February 25, 2020, 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 CAPL Properties having an aggregate fair value of approximately $10.3 million.

In the fourth asset exchange, which closed April 7, 2020, Circle K transferred to the Partnership 13 (11 fee; 2 leased) CK Properties having an aggregate fair value of approximately $13.1 million, and the Partnership transferred to Circle K the real property for seven CAPL Properties having an aggregate fair value of approximately $12.8 million.

In the fifth asset exchange, which closed May 5, 2020, Circle K transferred to the Partnership 29 (22 fee; 7 leased) CK Properties having an aggregate fair value of approximately $31.5 million, and the Partnership transferred to Circle K the real property for 13 of the CAPL Properties having an aggregate fair value of approximately $31.7 million.

In the sixth and final asset exchange, which closed September 15, 2020, Circle K transferred to the Partnership 23 (17 fee; 6 leased) CK Properties having an aggregate fair value of approximately $20.4 million, and the Partnership transferred to Circle K the real property for four of the CAPL Properties having an aggregate fair value of approximately $20.0 million. Because the sixth asset exchange represents the final closing contemplated by the Asset Exchange Agreement, Circle K also transferred a $6.7 million cash payment, which included the $0.4 million deficit in fair value between the total properties exchanged, to the Partnership in connection with the closing, in accordance with the terms of the Asset Exchange Agreement.

In connection with the closing of these asset exchanges, the stores transferred by Circle K were converted to dealer operated sites as contemplated by the Asset Exchange Agreement and Circle K's rights under the dealer agreements and agent agreements that were entered into in connection therewith were assigned to the Partnership.

We accounted for the first two tranches of the asset exchange (that closed in 2019) as transactions between entities under common control as our General Partner was owned by Circle K at the time of closing on those transactions.

Since our General Partner was acquired by the Topper Group in November 2019, the Partnership and Circle K were not entities under common control at the time of closing on the third, fourth, fifth and sixth asset exchanges. In connection with these asset exchanges, we recognized gains on the sales of the CAPL Properties, including the proceeds mentioned above, totaling $19.3 million in the statements of operations for 2020.

See Note 3 to the financial statements for additional information.

CST Fuel Supply Exchange Agreement

Effective March 25, 2020, pursuant to the terms of the previously announced CST Fuel Supply Exchange Agreement dated as of November 19, 2019 (the "CST Fuel Supply Exchange Agreement"), between the Partnership and Circle K, Circle K transferred to the Partnership 33 owned and leased convenience store properties (the "Properties") and certain assets (including fuel supply agreements) relating to such Properties, as well as U.S. wholesale fuel supply contracts covering 331 additional sites (the "DODO Sites"), subject to certain adjustments, and, in exchange therefore, the Partnership transferred to Circle K all of the limited partnership units in CST Fuel Supply that were owned by the Partnership, which represent 17.5% of the outstanding units of CST Fuel Supply (collectively, the "CST Fuel Supply Exchange"). Twelve Properties and 56 DODO Sites (collectively, the "Removed Properties") were removed from the Exchange Transaction, and Circle K made an aggregate payment of approximately $14.1 million to us in lieu of the Removed Properties, in each case, pursuant to the terms and conditions of the CST Fuel Supply Exchange Agreement.

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

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

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

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

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

The fair value of our investment in CST Fuel Supply that was divested and the Assets acquired was $69.0 million based on a discounted cash flow analysis. We accounted for the divestiture of our investment in CST Fuel Supply under ASC 860, "Transfers and Servicing." We recorded a gain on the divestiture of our investment in CST Fuel Supply of $67.6 million in 2020, representing the fair value of assets received less the carrying value of the investment exchanged. At the closing of the CST Fuel Supply Exchange, we divested 100% of our ownership interest in CST Fuel Supply and no longer have any involvement with CST Fuel Supply.

See Note 4 to the financial statements for additional information.

Retail and Wholesale Acquisition

On April 14, 2020, we closed on an asset purchase agreement ("Asset Purchase Agreement") with the sellers ("Sellers") signatories thereto, including certain entities affiliated with the Topper Group that are under common control with the Partnership. Pursuant to the Asset Purchase Agreement, we expanded the retail operations of the Partnership by 169 sites (154 company operated sites and 15 commission sites) through a combination of (1) entering into new leasing arrangements with related parties as the lessee for 62 sites and (2) terminating contracts where we were previously the lessor and fuel supplier under dealer arrangements for 107 sites which, as a result of the Asset Purchase Agreement, are now company operated sites. As a result of the Asset Purchase Agreement, we have expanded our wholesale fuel distribution by 110 sites, including 53 third-party wholesale dealer contracts, and supply of the 62 newly leased sites.

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

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

In connection with the consummation of the transactions contemplated by the Asset Purchase Agreement, our contracts with one of the Sellers, DMS, were terminated and DMS is no longer a customer or lessee of the Partnership. As a result, $8.0 million of the purchase price was accounted for as a loss on lease terminations during 2020. In addition, we wrote off $3.1 million of deferred rent income related to these same leases, also recorded as a loss on lease terminations during 2020.

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

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

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

With this transaction, we not only added wholesale fuel contracts to our portfolio but added retail assets and reestablished a retail capability that enables us to pursue a broader range of acquisition opportunities and provides greater flexibility for optimizing the class of trade for each asset in our portfolio.

See Note 5 to the financial statements for additional information.

Interest Rate Swap Contracts

The interest payments on our credit facility vary based on monthly changes in the one-month LIBOR and changes, if any, in the applicable margin, which is based on our leverage ratio as further discussed in Note 13 to the financial statements. To hedge against interest rate volatility on our variable rate borrowings under the credit facility, on March 26, 2020, we entered into an interest rate swap contract. The interest rate swap contract has a notional amount of $150 million, a fixed rate of 0.495% and matures on April 1, 2024. On April 15, 2020, we entered into two additional interest rate swap contracts, each with notional amounts of $75 million, a fixed rate of 0.38% and that mature on April 1, 2024. All of these interest rate swap contracts have been designated as cash flow hedges and are expected to be highly effective.

See Note 14 to the financial statements for additional information.

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 independent conflicts committee of the Board, which is composed of the independent directors of the Board.

Pursuant to the Topper Group Omnibus Agreement, DMI 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.

See Note 16 to the financial statements for additional information.

COVID-19 Pandemic

During the first quarter of 2020, an outbreak of a novel strain of coronavirus spread worldwide, including to the U.S., posing public health risks that have reached pandemic proportions. The COVID-19 Pandemic poses a threat to the health and economic wellbeing of employees of the Topper Group that provide services to us, customers, vendors, distribution channels and other business partners. Currently, our operations have been deemed essential by the state and local governments in which we operate. Of the 33 states in which we operate, 30 were, at certain points during 2020, under a state mandated stay-at-home order, limiting our customers to only essential travel. The operation of all of our retail sites is critically dependent on employees of the Topper Group who staff these locations. To ensure the wellbeing of those employees and their families, we have implemented safety protocols as outlined by the CDC's guidelines for the COVID-19 Pandemic to support daily field operations and provided personal protection equipment to those employees whose positions necessitate them, and we have implemented work from home policies at our corporate office consistent with CDC guidance to reduce the risks of exposure to the COVID-19 Pandemic while still supporting our operations.

We do not have fleet operations but rely on common carriers to distribute and deliver our products. Although we have not experienced significant disruptions to date, if these distribution channels were adversely impacted by the COVID-19 Pandemic, delivery of our products could be jeopardized. Also, sustained volume decreases and less foot-traffic resulting from the COVID-19 Pandemic may lead to cash flow constraints at our dealer-operated locations potentially posing increased credit risk and leading to a default on their fuel supply or lease agreements with us.

Although we have not experienced significant costs to date, we may incur costs related to the implementation of prescribed safety protocols related to the COVID-19 Pandemic. With the April 14, 2020 closing of our acquisition of retail and wholesale assets, the Partnership now has 150 company operated sites (see Note 5 to the financial statements for additional information). In the event there are confirmed diagnoses of COVID-19 within a significant number of these stores, we may incur costs related to the closing and subsequent cleaning of these stores and the ability to adequately staff the impacted sites. We may also experience reputation risk as consumers may choose to frequent alternate locations not operated by us.

We experienced a sharp decrease in fuel volume in mid-to-late March. Although fuel volumes recovered during the second half of 2020, they remain below historical levels. For 2020, the negative impact of the volume decrease on fuel gross profit was partially offset by the positive impact from the decline in crude prices during the second quarter of 2020, which increased DTW margins.

As a result of the implications of COVID-19, we assessed property and equipment, other long-lived assets and goodwill for impairment and concluded no assets were impaired as of March 31, 2020. No indicators of impairment stemming from the COVID-19 Pandemic have been identified since. See Note 9 to the financial statements for information regarding impairment charges related primarily to classifying sites as assets held for sale.

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

Significant Factors Affecting our Profitability

The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit

Wholesale segment

The prices paid to our motor fuel suppliers for wholesale motor fuel (which affects our cost of sales) are highly correlated to the price of crude oil. The crude oil commodity markets are highly volatile, and the market prices of crude oil, and, correspondingly, the market prices of wholesale motor fuel, experience significant and rapid fluctuations. We receive a fixed mark-up per gallon on approximately 71% of gallons sold to our customers. The remaining gallons are primarily DTW priced contracts with our customers. These contracts provide for variable, market-based pricing that results in motor fuel gross profit effects similar to retail motor fuel gross profits (as crude oil prices decline, motor fuel gross profit generally increases, as discussed in our Retail segment below). The increase in DTW gross profit results from the cost of wholesale motor fuel declining at a faster rate as compared to the rate that retail motor fuel prices decline. Conversely, our DTW motor fuel gross profit declines when the cost of wholesale motor fuel increases at a faster rate as compared to the rate that retail motor fuel prices increase.

Regarding our supplier relationships, a majority of our total gallons purchased are subject to Terms Discounts. The dollar value of these discounts increases and decreases corresponding to motor fuel prices. Therefore, in periods of lower wholesale motor fuel prices, our gross profit is negatively affected, and, in periods of higher wholesale motor fuel prices, our gross profit is positively affected (as it relates to these discounts).

Retail segment

We attempt to pass along wholesale motor fuel price changes to our retail customers through "at the pump" retail price changes; however, market conditions do not always allow us to do so immediately. The timing of any related increase or decrease in "at the pump" retail prices is affected by competitive conditions in each geographic market in which we operate. As such, the prices we charge our customers for motor fuel and the gross profit we receive on our motor fuel sales can increase or decrease significantly over short periods of time.

Changes in our average motor fuel selling price per gallon and gross margin are directly related to the changes in crude oil and wholesale motor fuel prices. Variations in our reported revenues and cost of sales are, therefore, primarily related to the price of crude oil and wholesale motor fuel prices and generally not as a result of changes in motor fuel sales volumes, unless otherwise indicated and discussed below.

We typically experience lower retail motor fuel gross profits in periods when the wholesale cost of motor fuel increases, and higher retail motor fuel gross profits in periods when the wholesale cost of motor fuel declines.

As previously reported, we converted 46 company operated sites to dealer operated sites in the third quarter of 2019. As a result of this transition, we did not have any company operated sites for the period from September 30, 2019 through closing on the retail and wholesale acquisition on April 14, 2020, since which we have again been operating company operated sites.

Seasonality Effects on Volumes

Our business is subject to seasonality due to our wholesale and retail sites being located in certain geographic areas that are affected by seasonal weather and temperature trends and associated changes in retail customer activity during different seasons. Historically, sales volumes have been highest in the second and third quarters (during the summer months) and lowest during the winter months in the first and fourth quarters.

Impact of Inflation

Inflation affects our financial performance by increasing certain of our operating expenses and cost of goods sold. Operating expenses include labor costs, leases, and general and administrative expenses. While our Wholesale segment benefits from higher Terms Discounts as a result of higher fuel costs, inflation could negatively impact our operating expenses. Although we have historically been able to pass on increased costs through price increases, there can be no assurance that we will be able to do so in the future.

Acquisition and Financing Activity

Our results of operations and financial condition are also impacted by our acquisition and financing activities as summarized below.

2019

- On April 1, 2019, we entered into a new credit facility as further discussed in "Liquidity and Capital Resources—Debt" and Note 13 to the financial statements. On November 19, 2019, we further amended the new credit facility to allow for the GP Purchase.
- On May 21, 2019 and September 5, 2019, we completed the first two asset exchange transactions with Circle K as further discussed in Note 3 to the financial statements.

2020

- We completed four additional tranches of the asset exchange with Circle K on February 25, 2020, April 7, 2020, May 5, 2020 and September 15, 2020, as further described in Note 3 to the financial statements. With the closing of the sixth tranche, the transactions contemplated under the Asset Exchange Agreement have concluded.
- On February 6, 2020, we closed on the Equity Restructuring Agreement that eliminated the IDRs as further discussed in Note 23 to the financial statements.
- Effective March 25, 2020, we closed on the CST Fuel Supply Exchange as further described in Note 4 to the financial statements.
- On April 14, 2020, we closed on the acquisition of retail and wholesale assets as further described in Note 5 to the financial statements.

Adoption of ASC 842 on Lease Accounting

As further discussed in Notes 2 and 24 to the financial statements, we adopted ASC 842 effective January 1, 2019, and as a result, our results for 2020 and 2019 are not directly comparable to the results for 2018. 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. These payments for the Wholesale and Retail segments amounted to approximately $6.7 million and $0.5 million for 2018, respectively. Of the total payments, $5.5 million was classified as interest expense in 2018.

Conversion of Our Midwest Company Operated Sites to Lessee Dealers

During the third quarter of 2019, we converted 46 company operated Upper Midwest sites to lessee dealer sites. As a result of this transition, we did not have any company operated sites from September 30, 2019 through April 14, 2020, the date of closing on the acquisition of retail and wholesale assets.

Results of Operations

We have omitted discussion of the earliest of the three years covered by our consolidated financial statements presented in this Annual Report because that disclosure was already included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 25, 2020. You are encouraged to reference Part II, Item 7, within that report, for a discussion of our financial condition and results of operations for the year ended December 31, 2019 as compared to the year ended December 31, 2018.

Consolidated Income Statement Analysis

Below is an analysis of our consolidated statements of income and provides the primary reasons for significant increases and decreases in the various income statement line items from period to period. Our consolidated statements of income are as follows (in thousands):

	Year Ended December 31,		
	2020	**2019**	**2018**
Operating revenues	$ 1,932,323	$ 2,149,429	$ 2,445,917
Cost of sales	1,720,196	1,994,792	2,273,122
Gross profit	212,127	154,637	172,795
Income from CST Fuel Supply equity interests	3,202	14,768	14,948
Operating expenses:			
Operating expenses	90,928	52,554	61,919
General and administrative expenses	20,991	16,849	17,966
Depreciation, amortization and accretion expense	68,742	55,032	66,549
Total operating expenses	180,661	124,435	146,434
Gain (loss) on dispositions and lease terminations, net	80,924	(1,648)	(6,297)
Operating income	115,592	43,322	35,012
Other income, net	503	524	373
Interest expense	(16,587)	(27,000)	(32,872)
Income before income taxes	99,508	16,846	2,513
Income tax benefit	(7,948)	(1,230)	(2,733)
Net income	107,456	18,076	5,246
Less: net loss attributable to noncontrolling interests	—	—	(5)
Net income attributable to limited partners	107,456	18,076	5,251
IDR distributions	(133)	(533)	(1,579)
Net income available to limited partners	$ 107,323	$ 17,543	$ 3,672

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Consolidated Results

Operating revenues decreased $217 million or 10%, while operating income increased $72 million or 167%.

Operating revenues

Significant items impacting these results prior to the elimination of intercompany revenues were:

- A $377 million (19%) decrease in our Wholesale segment revenues primarily attributable to the decrease in crude oil prices. The average daily spot price of WTI crude oil decreased 31% to $39.16 per barrel in 2020, compared to $56.98 per barrel in 2019. The wholesale price of motor fuel is highly correlated to the price of crude oil. See “Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit.” Volume increased 11% primarily as a result of the volume generated by the asset exchanges with Circle K, the CST Fuel Supply Exchange and the acquisition of the retail and wholesale assets (the average number of sites with wholesale fuel distribution increased 28% from 2019 compared to the same period in 2020), partially offset by the impact of the COVID-19 Pandemic.
- A $225 million (49%) increase in our Retail segment revenues primarily attributable to a 62% increase in volume driven by the increase in company operated and commission sites as a result of the April 2020 acquisition of retail and wholesale assets and the March 2020 CST Fuel Supply Exchange, partially offset by the divestiture of 17 company operated sites in May 2019 in connection with the first tranche of the asset exchange with Circle K and the conversion of 46 company operated sites to dealer operated sites in the third quarter of 2019 (the average total system sites increased 49% from 2019 compared to the same period in 2020). Partially offsetting these increases was a 16% decrease in the average selling price of motor fuel driven by the decrease in wholesale prices as discussed above. In addition, merchandise revenue increased $75 million driven by the increase in company operated sites as discussed above.

Intersegment revenues

We present the results of operations of our segments on a consistent basis with how our management views the business. Therefore, our segments are presented before intersegment eliminations (which consist of motor fuel sold by our Wholesale segment to our Retail segment). As a result, in order to reconcile to our consolidated change in operating revenues, a discussion of the change in intersegment revenues is included in our consolidated MD&A discussion.

Our intersegment revenues increased $65 million (21%), primarily attributable to the incremental intersegment revenues generated by the company operated and commission sites acquired in the April 2020 acquisition of retail and wholesale assets and the March 2020 CST Fuel Supply Exchange, partially offset by the conversion of 46 company operated sites to dealer operated sites in the third quarter of 2019 and the decrease in wholesale prices discussed above.

Cost of sales

Cost of sales decreased $275 million (14%) as a result of the decrease in wholesale motor fuel prices and from the divestiture of 17 company operated sites in May 2019 in connection with the first tranche of the asset exchange with Circle K and the conversion of 46 company operated sites to dealer operated sites discussed above. Partially offsetting this decrease was the impact of the increase in sites acquired in the asset exchanges with Circle K, the CST Fuel Supply Exchange and the acquisition of retail and wholesale assets mentioned above. In addition, cost of merchandise sales increased $54 million driven by the increase in company operated sites as discussed above.

Gross profit

The increase in gross profit was primarily driven by 1) an increase in motor fuel gross profit driven by DTW margins resulting from the movements in crude prices during the two years as well as the fact that a greater percentage of our wholesale volume is DTW-priced in 2020 in comparison to 2019; and 2) an increase in company operated sites, which increased merchandise gross profit. See “Results of Operations—Segment Results” for additional gross profit analyses.

Income from CST Fuel Supply equity interests and Operating expenses

See “Segment Results” for additional analyses.

General and administrative expenses

General and administrative expenses increased $4.1 million (25%) primarily attributable to a $1.4 million increase in acquisition-related costs driven by the asset exchanges with Circle K, the CST Fuel Supply Exchange and the acquisition of retail and wholesale assets. In addition, credit loss expense increased $0.8 million and management fees increased $1.9 million related to the increase in headcount primarily stemming from the April 2020 acquisition of retail and wholesale assets.

Depreciation, amortization and accretion expense

Depreciation, amortization and accretion expense increased $13.7 million (25%) primarily due to $9.1 million of impairment charges recorded in connection with our ongoing real estate rationalization effort and the resulting reclassification of these sites to assets held for sale, as compared to $4.5 million for the comparable period of the prior year. In addition, we recorded additional depreciation and amortization related primarily to the assets acquired in the asset exchanges with Circle K, the CST Fuel Supply Exchange and the acquisition of retail and wholesale assets.

Gain (loss) on dispositions and lease terminations, net

During 2020, we recorded a $67.6 million gain on the sale of our 17.5% investment in CST Fuel Supply (see Note 4 to the financial statements for additional information). In addition, we recorded $19.3 million in gains related to the properties sold in the asset exchanges with Circle K and $6.4 million in gains related to the sale of sites in connection with our ongoing real estate rationalization effort. Partially offsetting these gains, we recorded a $10.9 million loss on lease terminations, including a write-off of deferred rent income, in connection with the April 2020 acquisition of retail and wholesale assets (see Note 5 to the financial statements for additional information).

During 2019, we recorded a $0.5 million loss on the sale of inventory to a third-party multi-site operator in connection with the conversion of the company operated Upper Midwest sites. In addition, we recorded a $0.6 million loss to write off deferred rent income related to DMS giving notice to sever 12 sites in early 2020 from the master lease with us. As a result of replacing dispensers in Alabama as a part of the rebranding effort of those sites, we recorded a $1.0 million loss on disposal. Partially offsetting these losses was a $0.5 million net gain on sales of assets.

Interest expense

Interest expense decreased $10.4 million (39%) primarily driven by a reduction in interest expense on borrowings under our credit facility due to a decrease in the average interest rate from 4.7% to 2.6%.

Income tax benefit

We recorded an income tax benefit of $7.9 million and $1.2 million for 2020 and 2019, respectively. The benefits were primarily driven by losses incurred by our taxable subsidiaries and changes in state apportionment. See Note 22 for additional information.

Segment Results

We present the results of operations of our segments consistent with how our management views the business. Therefore, our segments are presented before intersegment eliminations (which consist of motor fuel sold by our Wholesale segment to our Retail segment). These comparisons are not necessarily indicative of future results.

Wholesale

The following table highlights the results of operations and certain operating metrics of our Wholesale segment. The narrative following these tables provides an analysis of the results of operations of that segment (thousands of dollars, except for the number of distribution sites and per gallon amounts):

	Year Ended December 31,		
	2020	2019	2018
Gross profit:			
Motor fuel–third party	$ 55,864	$ 45,117	$ 37,323
Motor fuel–intersegment and related party	46,921	26,801	32,696
Motor fuel gross profit	102,785	71,918	70,019
Rent gross profit [a]	50,411	56,344	59,605
Other revenues	2,344	2,887	3,384
Total gross profit [a]	155,540	131,149	133,008
Income from CST Fuel Supply equity interests [b]	3,202	14,768	14,948
Operating expenses	(35,285)	(32,618)	(30,108)
Operating income [a]	$ 123,457	$ 113,299	$ 117,848
Motor fuel distribution sites (end of period): [c]			
Motor fuel–third party			
Independent dealers [d]	687	369	362
Lessee dealers [e]	653	648	500
Total motor fuel distribution–third party sites	1,340	1,017	862
Motor fuel–intersegment and related party			
DMS (related party) [f]	—	68	86
Circle K [g]	5	28	43
Commission agents (Retail segment) [h]	208	169	170
Company operated retail sites (Retail segment) [i]	150	—	63
Total motor fuel distribution–intersegment and related party sites	363	265	362
Motor fuel distribution sites (average during the period):			
Motor fuel-third party distribution	1,276	938	834
Motor fuel-intersegment and related party distribution	336	318	408
Total motor fuel distribution sites	1,612	1,256	1,242
Volume of gallons distributed (in thousands)			
Third party	845,858	706,759	653,535
Intersegment and related party	270,930	297,235	393,725
Total volume of gallons distributed	1,116,788	1,003,994	1,047,260
Wholesale margin per gallon	$ 0.092	$ 0.072	$ 0.067

(a) We adopted ASC 842 effective January 1, 2019 and as a result, results for 2020 and 2019 are not comparable to 2018. See Notes 2 and 24 to the financial statements for additional information.
(b) Represents income from our equity interest in CST Fuel Supply. See Note 4 to the financial statements for information regarding the CST Fuel Supply Exchange.
(c) In addition, as of December 31, 2020 and 2019, we distributed motor fuel to 13 sub-wholesalers who distributed to additional sites, respectively.
(d) The increase in the independent dealer site count was primarily attributable to the 288 independent dealer contracts acquired in the CST Fuel Supply Exchange and the asset exchange with Circle K which resulted in 26 Circle K sites being converted to independent dealers.
(e) The increase in the lessee dealer site count was primarily attributable to the 72 lessee dealer sites acquired in the asset exchanges with Circle K, the 18 lessee dealer sites acquired in the CST Fuel Supply Exchange and converting sites operated by DMS to lessee dealer sites, partially offset by the impacts of the acquisition of retail and wholesale assets that resulted in the termination of leases at 48 lessee dealer sites and the real estate rationalization effort.
(f) The decrease in the DMS site count was primarily attributable to the acquisition of retail and wholesale assets that resulted in the termination of 54 leases with DMS and the conversion of sites operated by DMS to lessee dealer sites.
(g) The decrease in the Circle K site count was primarily attributable to the asset exchange with Circle K, which resulted in 26 Circle K sites being converted to independent dealer sites.
(h) The increase in the commission site count was primarily attributable to the 37 commission sites acquired in the CST Fuel Supply Exchange.
(i) The increase in the company operated site count was primarily attributable to the 154 company operated sites from the acquisition of retail and wholesale assets.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Gross profit increased $24.4 million (19%), while operating income increased $10.2 million (9%). These results were driven by:

Motor fuel gross profit

The $30.9 million (43%) increase in motor fuel gross profit was primarily driven by DTW margins resulting from the movements in crude prices during the two years. In addition, particularly with the acquisition of retail and wholesale assets, a greater percentage of our wholesale volume is DTW-priced in 2020 in comparison to 2019. Volume increased 11% as a result of the asset exchanges with Circle K, the CST Fuel Supply Exchange and the acquisition of retail and wholesale assets, partially offset by the impact of the COVID-19 Pandemic. These increases were partially offset by lower terms discounts as a result of lower crude prices. See "Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit."

Rent gross profit

Rent gross profit decreased $5.9 million (11%) primarily as a result of terminating leases in connection with the acquisition of retail and wholesale assets and $0.5 million in short-term rent concessions, partially offset by the impacts from the conversion of 46 company operated sites to dealer operated sites in the third quarter of 2019 and the CST Fuel Supply Exchange.

Income from CST Fuel Supply equity interests

Income from CST Fuel Supply equity interests decreased $11.6 million as a result of the March 2020 CST Fuel Supply Exchange. See Note 4 to the financial statements for additional information.

Operating expenses

Operating expenses increased $2.7 million (8%) primarily as a result of a $1.1 million increase in environmental costs related to increased remediation reserves and increased costs in compliance testing and monitoring and a $1.0 million increase in insurance costs due to the increase in controlled sites as a result of the acquisitions. In addition, we incurred increases in management fees related to the increase in headcount primarily stemming from the April 2020 acquisition of retail and wholesale assets and a general increase in operating expenses driven by the increase in the number of controlled sites due particularly to the asset exchanges with Circle K, the CST Fuel Supply Exchange and the conversion of 46 company operated sites to dealer operated sites in the third quarter of 2019.

Retail

The following table highlights the results of operations and certain operating metrics of our Retail segment. The narrative following these tables provides an analysis of the results of operations of that segment (thousands of dollars, except for the number of retail sites, gallons sold per day and per gallon amounts):

	Year Ended December 31,		
	2020	2019	2018
Gross profit:			
Motor fuel	$ 12,691	$ 5,147	$ 9,820
Merchandise [a]	32,046	10,169	20,375
Rent	7,608	6,302	6,314
Other revenue [a]	4,626	1,507	3,731
Total gross profit	56,971	23,125	40,240
Operating expenses	(55,643)	(19,936)	(31,811)
Operating income	$ 1,328	$ 3,189	$ 8,429
Retail sites (end of period):			
Commission agents [b]	208	169	170
Company operated retail sites [c]	150	—	63
Total system sites at the end of the period	358	169	233
Total system operating statistics:			
Average retail fuel sites during the period	306	206	245
Motor fuel sales (gallons per site per day)	2,316	2,127	2,327
Motor fuel gross profit per gallon, net of credit card fees and commissions	$ 0.049	$ 0.032	$ 0.047
Commission agents statistics:			
Average retail fuel sites during the period	199	170	177
Motor fuel gross profit per gallon, net of credit card fees and commissions	$ 0.015	$ 0.015	$ 0.015
Company operated retail site statistics:			
Average retail fuel sites during the period	107	36	68
Motor fuel gross profit per gallon, net of credit card fees	$ 0.094	$ 0.101	$ 0.115
Merchandise gross profit percentage, net of credit card fees [a]	26.0%	21.2%	21.7%

(a) We reclassified revenues related to certain ancillary items such as car wash revenue, lottery commissions and ATM commissions from merchandise margin to other revenues to conform to the current year presentation, which amounted to $1.5 million and $3.7 million for 2019 and 2018, respectively. This reclassification also impacted the merchandise gross profit percentages reported for 2019 and 2018.

(b) The increase in the commission site count was primarily attributable to the 37 commission sites acquired in the CST Fuel Supply Exchange.

(c) The increase in the company operated site count was primarily attributable to the 154 company operated sites from the acquisition of retail and wholesale assets.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Gross profit increased $33.8 million (146%), while operating income decreased $1.9 million (58%). These results were impacted by:

Gross profit

- Our motor fuel gross profit increased $7.5 million (147%) attributable to a 62% increase in volume driven by the increase in company operated and commission sites as a result of the April 2020 acquisition of retail and wholesale assets and the March 2020 CST Fuel Supply Exchange, partially offset by the divestiture of 17 company operated sites in May 2019 in connection with the first tranche of the asset exchange with Circle K, the conversion of 46 company operated sites to dealer operated sites in the third quarter of 2019 and the impact of the COVID-19 Pandemic. In addition, we realized a higher average margin per gallon as the higher retail fuel margins at our company operated sites comprised a larger percentage of our overall retail fuel margins in 2020 as compared to 2019.
- Our merchandise gross profit increased $21.9 million (215%) as a result of the increase in company operated sites driven by the April 2020 acquisition of retail and wholesale assets, partially offset by the divestiture of 17 company operated sites in May 2019 in connection with the first tranche of the asset exchange with Circle K and the conversion of 46 company operated sites to dealer operated sites in the third quarter of 2019. Other revenue increased $3.1 million (207%) due to the same drivers.
- Rent gross profit increased $1.3 million (21%) due primarily to the commission sites acquired in the April 2020 acquisition of retail and wholesale assets and the March 2020 CST Fuel Supply Exchange.

Operating expenses

Operating expenses increased $35.7 million (179%) due primarily to the increase in company operated and commission sites as a result of the April 2020 acquisition of retail and wholesale assets and CST Fuel Supply Exchange, partially offset by the divestiture of 17 company operated sites in May 2019 in connection with the first tranche of the asset exchange with Circle K and the conversion of 46 company operated sites to dealer operated sites in the third quarter of 2019. Our average company operated site count increased 197% from 2019 to 2020. Further, we lease a greater percentage of our company operated sites in 2020 as compared to 2019. Rent expense at our company operated sites increased $8.7 million.

Non-GAAP Financial Measures

We use non-GAAP financial measures EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio. EBITDA represents net income available to us before deducting interest expense, income taxes and depreciation, amortization and accretion (which includes certain impairment charges). Adjusted EBITDA represents EBITDA as further adjusted to exclude equity funded expenses related to incentive compensation and the Circle K Omnibus Agreement, gains or losses on dispositions and lease terminations, net, certain discrete acquisition related costs, such as legal and other professional fees and severance expenses associated with recently acquired companies, and certain other discrete non-cash items arising from purchase accounting. Distributable Cash Flow represents Adjusted EBITDA less cash interest expense, sustaining capital expenditures and current income tax expense. Distribution Coverage Ratio is computed by dividing Distributable Cash Flow by the weighted average diluted common units and then dividing that result by the distributions paid per limited partner unit.

EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are used as supplemental financial measures by management and by external users of our financial statements, such as investors and lenders. EBITDA and Adjusted EBITDA are used to assess our financial performance without regard to financing methods, capital structure or income taxes and the ability to incur and service debt and to fund capital expenditures. In addition, Adjusted EBITDA is used to assess the operating performance of our business on a consistent basis by excluding the impact of items which do not result directly from the wholesale distribution of motor fuel, the leasing of real property, or the day to day operations of our retail site activities. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio are also used to assess the ability to generate cash sufficient to make distributions to our unitholders.

We believe the presentation of EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio provides useful information to investors in assessing the financial condition and results of operations. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio should not be considered alternatives to net income or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio have important limitations as analytical tools because they exclude some but not all items that affect net income. Additionally, because EBITDA, Adjusted EBITDA, Distributable Cash Flow and Distribution Coverage Ratio may be defined differently by other companies in our industry, our definitions may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

The following table presents reconciliations of EBITDA, Adjusted EBITDA, and Distributable Cash Flow to net income, the most directly comparable U.S. GAAP financial measure, for each of the periods indicated (in thousands, except for per unit amounts):

	Year Ended December 31,		
	2020	2019	2018
Net income available to limited partners [(a)]	$ 107,323	$ 17,543	$ 3,672
Interest expense [(a)]	16,587	27,000	32,872
Income tax benefit	(7,948)	(1,230)	(2,733)
Depreciation, amortization and accretion expense	68,742	55,032	66,549
EBITDA [(a)]	184,704	98,345	100,360
Equity-funded expenses related to incentive compensation and the Circle K Omnibus Agreement [(b)]	172	1,246	3,781
(Gain) loss on dispositions and lease terminations, net [(c)]	(80,924)	1,648	6,297
Acquisition-related costs [(d)]	3,464	2,464	2,914
Adjusted EBITDA [(a)]	107,416	103,703	113,352
Cash interest expense [(a)]	(15,545)	(25,973)	(31,338)
Sustaining capital expenditures [(e)]	(3,529)	(2,406)	(2,443)
Current income tax benefit (expense) [(f)]	14,126	4,799	(1,528)
Distributable Cash Flow [(a)]	$ 102,468	$ 80,123	$ 78,043
Weighted average diluted common units	37,369	34,485	34,345
Distributions paid per limited partner unit [(g)]	$ 2.1000	$ 2.1000	$ 2.2025
Distribution Coverage Ratio [(a)(h)]	**1.31x**	**1.11x**	**1.03x**

(a) As further discussed in Notes 2 and 24 to the financial statements, we adopted ASC 842 effective January 1, 2019, and as a result, our results for 2020 and 2019 are not directly comparable to the results for 2018. 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. These payments for the Wholesale and Retail segments amounted to approximately $6.7 million and $0.5 million for 2018, respectively. Of the total payments, $5.5 million was classified as interest expense in 2018.

(b) As approved by the independent conflicts committee of the Board, the Partnership and Circle K mutually agreed to settle certain amounts due under the terms of the Circle K Omnibus Agreement in limited partner units of the Partnership. All charges allocated to us by Circle K under the Circle K Omnibus Agreement since the first quarter of 2018 through December 31, 2019, and all charges allocated to us under the Topper Group Omnibus Agreement since January 1, 2020, have been paid by us in cash.

(c) We recorded gains on the sale of CAPL Properties in connection with the asset exchange with Circle K of $19.3 million in 2020. We also recorded gains on the sale of sites in connection with our ongoing real estate rationalization effort of $6.4 million in 2020. Also in 2020, we recorded a $67.6 million gain on the sale of our 17.5% investment in CST Fuel Supply. Also in 2020, we recorded a loss on lease terminations, including the non-cash write-off of deferred rent income associated with these leases, of $10.9 million.

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 2018. In 2018, in connection with this transition, we paid a $3.8 million contract termination payment to DMS. 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.

(d) Relates to certain acquisition related costs, such as legal and other professional fees, separation benefit costs and purchase accounting adjustments associated with recently acquired businesses.

(e) Under the Partnership Agreement, sustaining capital expenditures are capital expenditures made to maintain our long-term operating income or operating capacity. Examples of sustaining capital expenditures are those made to maintain existing contract volumes, including payments to renew existing distribution contracts, or to maintain our sites in conditions suitable to lease, such as parking lot or roof replacement/renovation, or to replace equipment required to operate the existing business.

(f) Consistent with prior divestitures, the current income tax benefit in 2020 and 2019 excludes income tax incurred on the sale of sites. 2020 and 2019 also include the tax benefit of 100% bonus depreciation on the eligible assets acquired in the asset exchanges with Circle K as well as certain dispenser upgrades and rebranding costs.

(g) On January 21, 2021, the Board approved a quarterly distribution of $0.5250 per unit attributable to the fourth quarter of 2020. The distribution was paid February 9, 2021 to all unitholders of record on February 2, 2021.

(h) The distribution coverage ratio is computed by dividing Distributable Cash Flow by the weighted average diluted common units and then dividing that result by the distributions paid per limited partner unit.

Liquidity and Capital Resources

Liquidity

Our principal liquidity requirements are to finance our operations, fund acquisitions, service our debt and pay distributions to our unitholders. We expect our ongoing sources of liquidity to include cash generated by our operations and borrowings under the revolving credit facility and, if available to us on acceptable terms, issuances of equity and debt securities. We regularly evaluate alternate sources of capital, including sale-leaseback financing of real property with third parties, to support our liquidity requirements.

Our ability to meet our debt service obligations and other capital requirements, including capital expenditures, acquisitions, and partnership distributions, will depend on our future operating performance, which, in turn, will be subject to general economic, financial, business, competitive, legislative, regulatory and other conditions, many of which are beyond our control. As a normal part of our business, depending on market conditions, we will, from time to time, consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause us to seek additional debt or equity financing in future periods.

We believe that we will have sufficient cash flow from operations, borrowing capacity under the revolving credit facility and access to capital markets and alternate sources of funding to meet our financial commitments, debt service obligations, contingencies, anticipated capital expenditures and partnership distributions. However, we are subject to business and operational risks that could adversely affect our cash flow. A material decrease in our cash flows would likely produce an adverse effect on our borrowing capacity as well as our ability to issue additional equity and/or debt securities and/or maintain or increase distributions to unitholders.

See "Recent Developments—COVID-19 Pandemic" for a discussion of the impacts and potential impacts on our liquidity from the COVID-19 Pandemic as well as actions we have taken or could take to mitigate its impact.

Cash Flows

The following table summarizes cash flow activity (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Net cash provided by operating activities	$ 104,484	$ 72,327	$ 89,752
Net cash used in investing activities	(19,549)	(15,509)	(6,780)
Net cash used in financing activities	(86,202)	(58,229)	(83,678)

Operating Activities

Net cash provided by operating activities increased $32.2 million for 2020 compared to 2019, primarily attributable to the incremental cash flow generated by the sites added through the asset exchanges with Circle K, the CST Fuel Supply Exchange, the acquisition of retail and wholesale assets and the strong DTW margins in 2020, partially offset by the impact of the COVID-19 Pandemic. Additionally, changes in working capital stemming primarily from the acquisition of retail and wholesale assets (particularly the related increase in accounts payable and accrued expenses and other current liabilities) also benefited net cash provided by operating activities in 2020 more than in 2019.

As is typical in our industry, our current liabilities exceed our current assets as a result of the longer settlement of real estate and motor fuel taxes as compared to the shorter settlement of receivables for fuel, rent and merchandise.

Investing Activities

We received $23.0 million from Circle K primarily in connection with the CST Fuel Supply Exchange that closed in March 2020 and the final tranche of the asset exchange with Circle K that closed in September 2020; see Notes 3 and 4 to the financial statements for additional information. In addition, we received $21.2 million in proceeds from disposals during 2020 in connection with our real estate rationalization effort and paid $28.2 million in connection with our April 2020 acquisition of retail and wholesale assets. Also, we incurred capital expenditures of $37.1 million in 2020.

In 2019, we incurred capital expenditures of $24.6 million. Additionally, in 2019, we received $3.1 million in proceeds related to the first and second tranches of the asset exchange with Circle K as a result of the inventory divested at the 17 company operated sites and the security deposits from dealers transferred by Circle K to us. We also received $4.9 million of proceeds on sales of assets.

Financing Activities

In 2020, we paid $77.9 million in distributions and made net repayments on our credit facility of $5.8 million.

In 2019, we paid $73.0 million in distributions and made net borrowings on our credit facility of $21.0 million.

Distributions

Distribution activity for 2020 was as follows (in thousands):

Quarter Ended	Record Date	Payment Date	Cash Distribution (per unit)	Cash Distribution (in thousands)
December 31, 2019	February 3, 2020	February 10, 2020	$ 0.5250	$ 18,111
March 31, 2020	May 5, 2020	May 12, 2020	0.5250	19,881
June 30, 2020	August 4, 2020	August 11, 2020	0.5250	19,887
September 30, 2020	November 3, 2020	November 10, 2020	0.5250	19,912
December 31, 2020	February 2, 2021	February 9, 2021	0.5250	19,912

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.

IDRs

We distributed $0.1 million to the Topper Group and $0.5 million to Circle K with respect to the IDRs in 2020 and 2019, respectively. See Note 23 for a discussion of the elimination of the IDRs, which closed on February 6, 2020.

Debt

As of December 31, 2020, our consolidated debt and finance lease obligations consisted of the following (in thousands):

Revolving credit facility	$ 513,180
Finance lease obligations	20,007
Total debt and finance lease obligations	533,187
Current portion	2,631
Noncurrent portion	530,556
Deferred financing costs, net	3,257
Noncurrent portion, net of deferred financing costs	$ 527,299

Our revolving credit facility is secured by substantially all of our assets. Taking the interest rate swap contracts into account, our effective interest rate at December 31, 2020 was 2.10% (our applicable margin was 1.75% as of December 31, 2020). Letters of credit outstanding at December 31, 2020 totaled $4.0 million. The amount of availability under the revolving credit facility at February 22, 2021, after taking into consideration debt covenant restrictions, was $166.6 million.

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

See Note 13 to the financial statements for additional information on the credit facility.

Capital Expenditures

We make investments to expand, upgrade and enhance existing assets. We categorize our capital requirements as either sustaining capital expenditures, growth capital expenditures or acquisition capital expenditures. Sustaining capital expenditures are those capital expenditures required to maintain our long-term operating income or operating capacity. Acquisition and growth capital expenditures are those capital expenditures that we expect will increase our operating income or operating capacity over the long term. We have the ability to fund our capital expenditures by additional borrowings under our revolving credit facility or, if available to us on acceptable terms, accessing the capital markets and issuing additional equity, debt securities or other options, such as the sale of assets. Our ability to access the capital markets may have an impact on our ability to fund acquisitions. We may not be able to complete any offering of securities or other options on terms acceptable to us, if at all.

The following table outlines our capital expenditures and acquisitions (in thousands):

	Year Ended December 31,		
	2020	2019	2018
Sustaining capital	$ 3,529	$ 2,406	$ 2,443
Growth	33,528	22,205	11,274
Acquisitions	28,244	—	485
Total capital expenditures and acquisitions	$ 65,301	$ 24,611	$ 14,202

As noted previously, the increase in growth capital expenditures was largely driven by dispenser upgrades, EMV upgrades and rebranding of sites.

Contractual Obligations

Our contractual obligations as of December 31, 2020 are summarized below (in thousands):

	Payments Due by Period						
	2021	2022	2023	2024	2025	Thereafter	Total
Long-term debt	$ —	$ —	$ —	$ 513,180	$ —	$ —	$ 513,180
Interest payments on debt	10,626	10,626	10,626	3,348	—	—	35,226
Finance lease obligations	3,245	3,345	3,446	3,548	3,652	5,019	22,255
Operating lease obligations	33,118	31,350	29,141	26,224	23,961	81,043	224,837
Total consolidated obligations	$ 46,989	$ 45,321	$ 43,213	$ 546,300	$ 27,613	$ 86,062	$ 795,498

Credit Facility

As discussed previously, our credit agreement matures April 25, 2024. See Note 13 to the financial statements for additional information.

Interest Payments on Debt

Such amounts include estimates of interest expense related to our credit facility assuming a 2.10% interest rate. The rate assumed takes into account the interest rate swap contracts.

Finance Lease Obligations

We have certain retail site properties under finance leases. Finance lease obligations in the table above include both principal and interest. See Note 13 to the financial statements for additional information.

Operating Lease Obligations

The operating lease obligations include leases for land, office facilities and retail sites. Operating lease obligations reflected in the table above include all operating leases that have initial or remaining non-cancelable terms in excess of one year and are not reduced by minimum rentals to be received by us under subleases. In addition, such amounts do not reflect contingent rentals that may be incurred in addition to minimum rentals.

Our principal executive offices are in Allentown, Pennsylvania, in an office space leased by the Topper Group, for which the rent is charged to us as a cost under the Topper Group Omnibus Agreement. Future lease payments on this office lease are included within operating lease obligations.

See Note 15 to the financial statements for additional information.

Other Liabilities

We have excluded asset retirement obligations and other liabilities for which the timing of payment or the amount is not determinable.

Under the terms of various supply agreements, the Partnership is obligated to minimum volume purchases measured in gallons of motor fuel. Future minimum volume purchase requirements are 580 million gallons in 2021, reducing to 274 million gallons in 2025. Future minimum volume purchase requirements from 2026 through 2030 total 1.2 billion gallons. The aggregate dollar amount of the future minimum volume purchase requirements is dependent on the future weighted average wholesale cost per gallon charged under the applicable supply agreements. The amounts and timing of the related payment obligations cannot reasonably be estimated reliably. As a result, payment of these amounts has been excluded from the table above. See Note 18 to the financial statements for additional information.

Concentration of Customers

Approximately 12% of our rent income for 2020 was from one multi-site operator.

Off-Balance Sheet Arrangements

The Topper Group Omnibus Agreement contingently requires us to perform environmental remediation work as further discussed in Note 16 to the financial statements. We also have operating leases and motor fuel purchase commitments as previously discussed in "Contractual Obligations" and in Notes 15 and 18 to the financial statements.

Contingencies

Environmental Matters

See Note 17 to the financial statements for a discussion of environmental matters.

Legal Matters

See Note 18 to the financial statements for a discussion of legal matters.

Quarterly Results of Operations

See Note 26 to the financial statements for quarterly financial and operating data for each quarter of 2020 and 2019.

Outlook

As noted previously, the prices paid to our motor fuel suppliers for wholesale motor fuel (which affects our cost of sales) are highly correlated to the price of crude oil. The crude oil commodity markets are highly volatile, and the market prices of crude oil, and, correspondingly, the market prices of wholesale motor fuel, experience significant and rapid fluctuations, which affect our motor fuel gross profit. See "Significant Factors Affecting our Profitability—The Significance of Crude Oil and Wholesale Motor Fuel Prices on Our Revenues, Cost of Sales and Gross Profit" for additional information.

Our results for 2021 are anticipated to be impacted by the following:

- Transactions effected pursuant to the Asset Exchange Agreement entered into with Circle K are anticipated to increase motor fuel volume and motor fuel gross profit.
- The CST Fuel Supply Exchange is anticipated to increase motor fuel volume and motor fuel gross profit.
- The acquisition of retail and wholesale contracts from the Topper Group and certain other parties is anticipated to increase gross profit both within the Wholesale and Retail segments.
- We anticipate that we will continue to realize reductions in our fuel costs as a result of new or amended fuel purchase contracts.
- Our volume starting in mid-March 2020 was and continues to be negatively impacted by the COVID-19 Pandemic, which negatively impacts fuel gross profit. See "Recent Developments—COVID-19 Pandemic" for additional information and actions we have and could take in the future to mitigate its impact.

We will continue to evaluate acquisitions on an opportunistic basis. Additionally, we will pursue acquisition targets that fit into our strategy. Whether we will be able to execute acquisitions will depend on market conditions, availability of suitable acquisition targets at attractive terms, acquisition related compliance with customary regulatory requirements, and our ability to finance such acquisitions on favorable terms and in compliance with our debt covenant restrictions.

New Accounting Policies

For information on recent accounting pronouncements impacting our business, see Note 2 to the financial statements.

Critical Accounting Policies Involving Critical Accounting Estimates

We prepare our financial statements in conformity with U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. See Note 2 to the financial statements for a summary of our significant accounting policies.

Critical accounting policies are those we believe are both most important to the portrayal of our financial condition and results, and require our most difficult, subjective or complex judgments, often because we must make estimates about the effect of matters that are inherently uncertain. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. We believe the following policies to be the most critical in understanding the judgments that are involved in preparing our financial statements.

Revenue Recognition

We have applied ASC 606 since January 1, 2018. 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 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.

In 2020, we closed on tranches of the Asset Exchange Agreement and CST Fuel Supply Exchange with Circle K, both representing largely nonmonetary transactions. We apply provisions of ASC 606, ASC 845 and ASC 860 as applicable to our nonmonetary exchanges based on the individual facts and circumstances of each transaction. For these particular transactions, we estimated the fair value of the assets divested and acquired based on an income approach using discount rates commensurate with the risk inherent in the cash flows, similar to how we estimate fair value in an asset acquisition or business combination as further described below. We record gains and losses as required by the applicable guidance, in these cases representing the excess of the fair value of the assets and cash consideration received less the carrying value of the assets divested. See Notes 3 and 4 to the financial statements for additional information.

Accounts receivable primarily result from the sale of motor fuels to customers. Our accounts receivable is generally considered as having a similar risk profile. Credit is extended to a customer based on an evaluation of the customer’s financial condition. In certain circumstances collateral may be required from the customer and fuel and lease agreements are generally cross-collateralized when applicable. Receivables are recorded at face value, without interest or discount.

The allowance for credit losses is generally based upon historical experience while also factoring in any new business conditions that might impact the historical analysis, such as market conditions and bankruptcies of particular customers. Credit loss expense is included in general and administrative expenses. We review all accounts receivable balances on at least a quarterly basis.

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.

See Notes 7 and 24 to the financial statements for additional information on our revenues and related receivables.

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 to the individual assets acquired and liabilities assumed on a relative fair value basis. Two of the key differences in accounting for transactions as asset acquisitions as compared to business combination are summarized below:

- Transaction costs are capitalized as a component of the cost of the assets acquired rather than expensed as incurred;
- Goodwill is not recognized. Rather, any excess consideration transferred over the fair value of the net assets acquired is allocated on a relative fair value basis to the identifiable net assets other than certain non-qualifying assets as defined in the guidance.

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 these items 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.

Goodwill

Goodwill represents the excess of the fair value of the consideration conveyed to acquire a business over the fair value of the net assets 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. We consider macroeconomic conditions such as developments in equity and credit markets, industry and market conditions such as the competitive environment, cost factors such as changes in our cost of fuel, our financial performance and our unit price.

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.

At December 31, 2020 and 2019, we had goodwill totaling $88.8 million. Of the December 31, 2020 balance, $74.2 million was assigned to the wholesale reporting unit and $14.6 million was assigned to the retail reporting unit. After assessing the totality of events and circumstances, we determined that it is more likely than not that the fair value of our reporting units exceed their carrying amounts and therefore goodwill is not impaired at December 31, 2020 or 2019.

Tax Matters

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

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

Valuation allowances are initially recorded and reevaluated each reporting period by assessing the likelihood of the ultimate realization of a deferred tax asset. We consider 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices. The principal market risks to which we are exposed are interest rate risk and commodity price risk.

Interest Rate Risk

As of December 31, 2020, we had $513.2 million outstanding on our revolving credit facility. Our outstanding borrowings bear interest at LIBOR plus an applicable margin, which was 1.75% at December 31, 2020. Our borrowings had a weighted-average interest rate at December 31, 2020 of 1.93%.

On March 26, 2020, we entered into an interest rate swap contract to hedge against interest rate volatility on our variable rate borrowings under the credit facility. The interest rate swap contract has a notional amount of $150 million, a fixed rate of 0.495% and matures on April 1, 2024. On April 15, 2020, we entered into two additional interest rate swap contracts, each with notional amounts of $75 million, a fixed rate of 0.38% and that mature on April 1, 2024. See Note 14 to the financial statements for additional information.

As a result of entering into these interest rate swap contracts, we have effectively converted approximately 60% of our variable rate borrowings under our credit facility to a fixed rate.

Taking the interest rate swap contracts into account, our effective interest rate at December 31, 2020 was 2.10%. A one percentage point change in LIBOR would impact annual interest expense by approximately $2.1 million.

Commodity Price Risk

We purchase gasoline and diesel fuel from several suppliers at costs that are subject to market volatility. These purchases are generally made pursuant to contracts or at market prices established with the supplier.

We do not currently engage in hedging activities for these purchases due to our pricing structure that allows us to generally pass on price changes to our customers and related parties.

A majority of our total gallons purchased are subject to Terms Discounts for prompt payment and other rebates and incentives, which are recorded within cost of sales. Prompt payment discounts are based on a percentage of the purchase price of motor fuel. As such, the dollar value of these discounts increases and decreases corresponding with motor fuel prices. Based on our current volumes, we estimate a $10 per barrel change in the price of crude oil would impact our annual wholesale motor fuel gross profit by approximately $2.3 million related to these payment discounts.

Foreign Currency Risk

Our operations are located in the U.S., and therefore are not subject to foreign currency risk.

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, 2020. 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, 2020, 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, 2020. Their report dated March 1, 2021, 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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, 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, 2020, 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 March 1, 2021 expressed an unqualified opinion.

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 regarding 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

CST Fuel Supply Exchange Nonmonetary Transaction

As described further in Note 4 to the consolidated financial statements, the Partnership exchanged its ownership interest in CST Fuel Supply, a financial asset previously accounted for under the equity method, for nonmonetary consideration representing tangible and intangible assets. This transaction resulted in the Partnership recording a non-cash gain of $67.6 million, representing the estimated fair value of assets received less the carrying value of the investment exchanged. We identified this nonmonetary transaction as a critical audit matter.

The principal considerations for our determination of the CST Fuel Supply Exchange Nonmonetary Transaction as a critical audit matter are the high level of estimation uncertainty related to the determination of the fair value of the assets exchanged. Determination of fair value requires management to make complex judgments in order to identify and select significant assumptions, including prospective financial information, discount rate, attrition rate and weighted average cost of capital, which include management’s use of internal specialists.

Our audit procedures related to the CST Fuel Supply Exchange Nonmonetary Transaction included the following, among others.

- We tested the design and operating effectiveness of relevant controls including, among others, management’s validation of the inputs to the valuations, and management’s review of the significant assumptions.
- We obtained and inspected the contractual arrangements and the Partnership’s technical accounting documentation for the transaction.
- We tested the Partnership’s key inputs and assumptions used to estimate future revenues and net cash flows based upon historical results and recent performance for assets received and divested.
- We performed substantive testing on a sample of the data used by management’s specialists for reasonableness and accuracy.
- With the assistance of our valuation specialists, we tested the reasonableness of the fair value determined by management for both the divested equity method investment and the acquired assets with a focus on significant assumptions, including prospective financial information, discount rate, attrition rate and weighted average cost of capital.
- We evaluated the level of knowledge, skill, and ability of management’s specialists and their relationship to the Partnership and made inquiries of management’s specialists regarding the process followed and judgments used to estimate the fair value of assets acquired.

/s/ GRANT THORNTON LLP

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

Arlington, Virginia
March 1, 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, 2020, 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, 2020, 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, 2020, and our report dated March 1, 2021 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
March 1, 2021

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

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 513	$ 1,780
Accounts receivable, net of allowances of $429 and $557, respectively	28,519	38,051
Accounts receivable from related parties	931	4,299
Inventory	23,253	6,230
Assets held for sale	9,898	13,231
Other current assets	11,707	5,795
Total current assets	74,821	69,386
Property and equipment, net	570,856	565,916
Right-of-use assets, net	167,860	120,767
Intangible assets, net	92,912	44,996
Goodwill	88,764	88,764
Other assets	19,129	21,318
Total assets	$ 1,014,342	$ 911,147
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt and finance lease obligations	$ 2,631	$ 2,471
Current portion of operating lease obligations	31,958	23,485
Accounts payable	63,978	57,392
Accounts payable to related parties	5,379	431
Accrued expenses and other current liabilities	23,267	16,382
Motor fuel and sales taxes payable	19,735	12,475
Total current liabilities	146,948	112,636
Debt and finance lease obligations, less current portion	527,299	534,859
Operating lease obligations, less current portion	141,380	100,057
Deferred tax liabilities, net	15,022	19,369
Asset retirement obligations	41,450	35,589
Other long-term liabilities	32,575	30,240
Total liabilities	904,674	832,750
Commitments and contingencies		
Equity:		
Common units—37,868,046 and 34,494,441 units issued and outstanding at December 31, 2020 and 2019, respectively	112,124	78,397
Accumulated other comprehensive loss	(2,456)	—
Total equity	109,668	78,397
Total liabilities and equity	$ 1,014,342	$ 911,147

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,		
	2020	2019	2018
Operating revenues [a]	$ 1,932,323	$ 2,149,429	$ 2,445,917
Cost of sales [b]	1,720,196	1,994,792	2,273,122
Gross profit	212,127	154,637	172,795
Income from CST Fuel Supply equity interests	3,202	14,768	14,948
Operating expenses:			
Operating expenses [c]	90,928	52,554	61,919
General and administrative expenses	20,991	16,849	17,966
Depreciation, amortization and accretion expense	68,742	55,032	66,549
Total operating expenses	180,661	124,435	146,434
Gain (loss) on dispositions and lease terminations, net	80,924	(1,648)	(6,297)
Operating income	115,592	43,322	35,012
Other income, net	503	524	373
Interest expense	(16,587)	(27,000)	(32,872)
Income before income taxes	99,508	16,846	2,513
Income tax benefit	(7,948)	(1,230)	(2,733)
Net income	107,456	18,076	5,246
Less: net loss attributable to noncontrolling interests	—	—	(5)
Net income attributable to limited partners	107,456	18,076	5,251
IDR distributions	(133)	(533)	(1,579)
Net income available to limited partners	$ 107,323	$ 17,543	$ 3,672
Basic and diluted earnings per common unit	$ 2.87	$ 0.51	$ 0.11
Weighted-average limited partner units:			
Basic common units	37,369,487	34,454,369	34,345,298
Diluted common units [d]	37,369,487	34,484,801	34,345,298
Supplemental information:			
(a) Includes excise taxes of:	$ 141,429	$ 78,004	$ 97,929
(a) Includes rent income of:	83,233	90,139	85,642
(b) excludes depreciation, amortization and accretion and includes rent expense of:	25,214	27,493	19,723
(c) Includes rent expense of:	9,067	379	1,047

(d) Diluted common units were not used in the calculation of diluted earnings per common unit for 2018 and 2020 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,		
	2020	2019	2018
Cash flows from operating activities:			
Net income	$ 107,456	$ 18,076	$ 5,246
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, amortization and accretion expense	68,742	55,032	66,549
Amortization of deferred financing costs	1,042	1,027	1,534
Amortization of above market leases, net	—	—	(21)
Credit loss expense	1,210	362	611
Deferred income tax (benefit) expense	(4,436)	3,569	(4,261)
Equity-based employee and director compensation expense	172	1,246	481
Circle K Omnibus Agreement fees settled in common units	—	—	3,300
(Gain) loss on dispositions and lease terminations, net	(88,912)	1,648	6,297
Changes in operating assets and liabilities, net of acquisitions	19,210	(8,633)	10,016
Net cash provided by operating activities	104,484	72,327	89,752
Cash flows from investing activities:			
Principal payments received on notes receivable	974	1,098	780
Proceeds from sale of property and equipment	21,729	4,856	6,642
Proceeds from sale of assets to Circle K	23,049	3,148	—
Capital expenditures	(37,057)	(24,611)	(13,717)
Cash paid in connection with acquisitions, net of cash acquired	(28,244)	—	—
Cash paid to Circle K in connection with acquisitions	—	—	(485)
Net cash used in investing activities	(19,549)	(15,509)	(6,780)
Cash flows from financing activities:			
Borrowings under the revolving credit facility	246,003	137,303	128,107
Repayments on the revolving credit facility	(251,823)	(116,303)	(136,107)
Payments of long-term debt and finance lease obligations	(2,458)	(2,297)	(2,866)
Payments of sale-leaseback obligations	—	—	(1,019)
Payment of deferred financing costs	—	(3,972)	(901)
Contributions from Circle K	—	—	6,306
Distributions paid on distribution equivalent rights	(40)	(86)	(37)
Distributions paid to holders of the IDRs	(133)	(533)	(1,579)
Distributions paid to noncontrolling interests	—	—	(20)
Distributions paid on common units	(77,751)	(72,341)	(75,562)
Net cash used in financing activities	(86,202)	(58,229)	(83,678)
Net decrease in cash and cash equivalents	(1,267)	(1,411)	(706)
Cash and cash equivalents at beginning of period	1,780	3,191	3,897
Cash and cash equivalents at end of period	$ 513	$ 1,780	$ 3,191

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		Incentive		Accumulated other	
	Common Unitholders		Distribution Rights	Noncontrolling Interest	comprehensive loss	Total Equity
	Units	Dollars	Dollars	Dollars	Dollars	Dollars
Balance at December 31, 2017	34,111,461	$ 171,337	$ —	$ (318)	$ —	$ 171,019
Net income (loss) and comprehensive income (loss)	—	3,672	1,579	(5)	—	5,246
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)
Distributions paid	—	(75,599)	(1,579)	(20)	—	(77,198)
Balance at December 31, 2018	34,444,113	110,933	—	—	—	110,933
Net income and comprehensive income	—	17,543	533	—	—	18,076
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)
Distributions paid	—	(72,427)	(533)	—	—	(72,960)
Balance at December 31, 2019	34,494,441	78,397	—	—	—	78,397
Net income	—	107,323	133	—	—	107,456
Other comprehensive income						
Unrealized loss on interest rate swap contracts	—	—	—	—	(2,859)	(2,859)
Realized loss on interest rate swap contracts reclassified from AOCI into interest expense	—	—	—	—	403	403
Total other comprehensive loss	—	—	—	—	(2,456)	(2,456)
Comprehensive income (loss)	—	107,323	133	—	(2,456)	105,000
Issuance of units to the Topper Group in connection with the Equity Restructuring Agreement	2,528,673	—	—	—	—	—
Acquisition of assets from entities under common control, net of fair value of common units issued	842,891	4,169	—	—	—	4,169
Vesting of equity awards, net of units withheld for tax	2,041	26	—	—	—	26
Distributions paid	—	(77,791)	(133)	—	—	(77,924)
Balance at December 31, 2020	37,868,046	$ 112,124	$ —	$ —	$ (2,456)	$ 109,668

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.

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, 19, 2021, the Topper Group also has beneficial ownership of a 48.9% limited partner interest in the Partnership.

Description of Business

Our business consists of:

- the wholesale distribution of motor fuels;
- the 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;
- the retail sale of motor fuels to end customers at retail sites operated by commission agents or, since April 14, 2020, ourselves; and
- since April 14, 2020, the operation of retail sites, including the sale of convenience merchandise to end customers. We had no company operated sites from September 30, 2019 through April 14, 2020. See Notes 3, 5 and 24 for additional information.

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 sale 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. Since our acquisition of retail and wholesale assets that closed on April 14, 2020, LGWS also sells motor fuels on a retail basis and sells convenience merchandise items to end customers at company operated retail sites. Income from LGWS generally is not qualifying income under Section 7704(d) of the Internal Revenue Code. See Note 5 for information related to our acquisition of retail and wholesale assets that closed on April 14, 2020.

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 and Financial Instrument Credit Losses

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

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

The allowance for credit losses is generally based upon historical experience while also factoring in any new business conditions that might impact the historical analysis, such as market conditions and bankruptcies of particular customers. Credit loss expense is included in general and administrative expenses. We review all accounts receivable balances on at least a quarterly basis.

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.

Retail site merchandise inventory is valued at the lower of average cost or net realizable value using the first-in, first-out method, written down, as necessary, for potentially obsolete or slow-moving inventory.

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 and licenses are amortized over periods from five to 15 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.

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 24 for additional information.

Revenue Recognition

We have applied ASC 606 since January 1, 2018. 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 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.

In 2020, we closed on tranches of the Asset Exchange Agreement and CST Fuel Supply Exchange with Circle K, both representing largely nonmonetary transactions. We apply provisions of ASC 606, ASC 845 and ASC 860 as applicable to our nonmonetary exchanges based on the individual facts and circumstances of each transaction. For these particular transactions, we estimated the fair value of the assets divested and acquired based on an income approach using discount rates commensurate with the risk inherent in the cash flows, similar to how we estimate fair value in an asset acquisition or business combination as further described below. We record gains and losses as required by the applicable guidance, in these cases representing the excess of the fair value of the assets and cash consideration received less the carrying value of the assets divested. See Notes 3 and 4 to the financial statements for additional information.

See Notes 7 and 24 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.

ASC 842–Leases requires the recognition of 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.

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.

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.

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.

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.

Since we did not restate 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 13, 15 and 24 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 23 for disclosure regarding the elimination of the IDRs, which closed on February 6, 2020.

Interest Rate Swap Contracts

Commencing in March 2020, the Partnership started to use interest rate swap contracts to reduce its exposure to unfavorable changes in interest rates. The Partnership accounts for derivative contracts in accordance with ASC Topic 815, "Derivatives and Hedging," and recognizes derivative instruments as either assets or liabilities on the balance sheet and measures those instruments at fair value. The changes in fair value of the derivative transactions are presented in accumulated other comprehensive income and reclassified to interest expense as the interest payments on our credit facility are made.

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

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

See Note 14 for information related to our interest rate swap contracts.

New Accounting Guidance Pending Adoption

Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes." The amendments in this 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 was effective January 1, 2021 for the Partnership. The impact of adopting this guidance was not material.

Concentration Risks

For 2019 and 2018, we distributed approximately 8% and 11% 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% and 15% of our rental income, respectively. See Note 5 for information regarding the termination of leases with DMS in connection with the acquisition of retail and wholesale assets.

For 2019 and 2018, we distributed 6% and 7% of our total wholesale distribution volume to Circle K retail sites and received 14% 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 16.

Approximately 12% of our rent income for 2020 was from one multi-site operator.

In 2020, our wholesale business purchased approximately 29%, 22%, 13% and 10% of its motor fuel from ExxonMobil, BP, Motiva and Marathon, respectively. 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. No other fuel suppliers accounted for 10% or more of our motor fuel purchases during 2020, 2019 or 2018.

Approximately 16% of our motor fuel gallons sold was delivered by one carrier.

COVID-19 Pandemic

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

We experienced a sharp decrease in fuel volume in mid-to-late March. Although fuel volumes recovered during the second half of 2020, they remain below historical levels. For 2020, the negative impact of the volume decrease on fuel gross profit was partially offset by the positive impact from the decline in crude prices, which increased DTW margins.

As a result of the implications of COVID-19, we assessed property and equipment, other long-lived assets and goodwill for impairment and concluded no assets were impaired as of March 31, 2020. No indicators of impairment stemming from the COVID-19 Pandemic have been identified since. See Note 9 for information regarding impairment charges related primarily to classifying sites as assets held for sale.

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

Note 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 agreed to exchange (i) certain assets of CrossAmerica related to 56 convenience and fuel retail stores previously 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 previously 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 remained unchanged.

The assets exchanged by CrossAmerica included (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 exchanged by Circle K included (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 assumed certain liabilities associated with the CAPL Assets.

The CK Properties were assigned to CrossAmerica in multiple tranches after Circle K 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 assumed possession and operating control of such property. As a result, the exchange of assets pursuant to the Asset Exchange Agreement occurred in a series of separate tranche closings as Circle K entered into such dealer agreements or agent agreements. At each separate closing, CK Properties and related CK Assets were exchanged for CAPL Properties and related CAPL Assets of approximately equivalent value.

Each separate closing was subject to the satisfaction or waiver of customary closing conditions. The Asset Exchange Agreement contains customary representations, warranties, agreements and obligations of the parties. 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.

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 retained liability for known contamination at the sites it transferred to the other party and (ii) each party assumed liability for unknown contamination at the sites it received 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

In the first asset exchange, which closed on May 21, 2019, Circle K transferred to the Partnership 60 (52 fee; 8 leased) U.S. company operated convenience and fuel retail stores (“CK Properties”) 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 (“CAPL Properties”) having an aggregate fair value of approximately $58.3 million.

Second Asset Exchange

In the second asset exchange, which closed on September 5, 2019, Circle K transferred to the Partnership 56 (51 fee; 5 leased) CK Properties having an aggregate fair value of approximately $50.2 million, and the Partnership transferred to Circle K the real property for 19 CAPL Properties having an aggregate fair value of approximately $51.4 million.

Third Asset Exchange

In the third asset exchange, which closed on February 25, 2020, Circle K transferred to the Partnership ten (all fee) CK Properties having an aggregate fair value of approximately $11.0 million, and the Partnership transferred to Circle K the real property for five CAPL Properties having an aggregate fair value of approximately $10.3 million.

Fourth Asset Exchange

In the fourth asset exchange, which closed April 7, 2020. Circle K transferred to the Partnership 13 (11 fee: 2 leased) CK Properties having an aggregate fair value of approximately $13.1 million, and the Partnership transferred to Circle K the real property for seven CAPL Properties having an aggregate fair value of approximately $12.8 million.

Fifth Asset Exchange

In the fifth asset exchange, which closed May 5, 2020, Circle K transferred to the Partnership 29 (22 fee; 7 leased) CK Properties having an aggregate fair value of approximately $31.5 million, and the Partnership transferred to Circle K the real property for 13 CAPL Properties having an aggregate fair value of approximately $31.7 million.

Sixth and Final Asset Exchange

In the sixth and final asset exchange, which closed September 15, 2020, Circle K transferred to the Partnership 23 (17 fee; 6 leased) CK Properties having an aggregate fair value of approximately $20.4 million, and the Partnership transferred to Circle K the real property for four CAPL Properties having an aggregate fair value of approximately $20.0 million. Because the sixth asset exchange represents the final closing contemplated by the Asset Exchange Agreement, Circle K also transferred a $6.7 million cash payment to the Partnership in connection with the closing, in accordance with the terms of the Asset Exchange Agreement, which included the $0.4 million cumulative deficit in the fair value of the CK Properties we acquired compared with the fair value of the CAPL Properties we divested.

We accounted for the first two tranches of the asset exchanged (that closed in 2019) as transactions between entities under common control as our General Partner was owned by Circle K at the time of the closing of those transactions. 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.

Since our General Partner was acquired by the Topper Group in November 2019, the Partnership and Circle K were not entities under common control at the time of closing on the third, fourth, fifth and sixth asset exchanges. In connection with these asset exchanges, we recognized gains on the sales of the CAPL Properties, including the proceeds mentioned above, totaling $19.3 million in 2020, representing the fair value of assets and cash consideration received less the carrying value of assets transferred to Circle K. Additionally, we recorded the following to reflect the acquisition of the CK Properties in these asset exchanges (in thousands):

Property and equipment, net	$	53,242
Right-of-use assets, net		5,266
Intangible assets, net		25,508
Total assets	$	84,016
Current portion of operating lease obligations	$	1,194
Operating lease obligations, less current portion		4,072
Other long-term liabilities		675
Asset retirement obligations		2,815
Total liabilities	$	8,756
Net assets acquired	$	75,260

Note 4. CST FUEL SUPPLY EXCHANGE AGREEMENT

Effective March 25, 2020, pursuant to the terms of the previously announced CST Fuel Supply Exchange Agreement dated as of November 19, 2019 (the “CST Fuel Supply Exchange Agreement”), between the Partnership and Circle K, Circle K transferred to the Partnership 33 owned and leased convenience store properties (the “Properties”) and certain assets (including fuel supply agreements) relating to such Properties, as well as U.S. wholesale fuel supply contracts covering 331 additional sites (the “DODO Sites”), subject to certain adjustments, and, in exchange therefore, the Partnership transferred to Circle K all of the limited partnership units in CST Fuel Supply that were owned by the Partnership, which represent 17.5% of the outstanding units of CST Fuel Supply (collectively, the “CST Fuel Supply Exchange”). Twelve Properties and 56 DODO Sites (collectively, the “Removed Properties”) were removed from the Exchange Transaction, and Circle K made an aggregate payment of approximately $14.1 million to us in lieu of the Removed Properties, in each case, pursuant to the terms and conditions of the CST Fuel Supply Exchange Agreement.

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

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

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

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

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

The fair value of our investment in CST Fuel Supply that was divested and the Assets acquired was $69.0 million based on an income approach using a discount rate commensurate with the risk inherent in the cash flows. We accounted for the divestiture of our investment in CST Fuel Supply under ASC 860, "Transfers and Servicing." We recorded a gain on the divestiture of our investment in CST Fuel Supply of $67.6 million in the first quarter of 2020, representing the fair value of assets received less the carrying value of the investment exchanged. Subsequent to closing on the CST Fuel Supply Exchange, we no longer have any involvement with CST Fuel Supply. Additionally, we recorded the following to reflect the acquisition of the Assets (in thousands):

Motor fuel inventory	$	863
Property and equipment, net		23,590
Right-of-use assets, net		4,168
Intangible assets, net		35,010
Total assets	$	63,631
Current portion of operating lease obligations	$	1,217
Operating lease obligations, less current portion		5,391
Asset retirement obligations		1,240
Other long-term liabilities		3,194
Total liabilities	$	11,042
Net assets acquired	$	52,589
Cash received from Circle K in lieu of Removed Properties	$	14,065
Cash received from Circle K related to net liabilities assumed		2,331
Total cash received from Circle K	$	16,396
Total fair value of assets received in CST Fuel Supply Exchange	$	68,985

Note 5. RETAIL AND WHOLESALE ACQUISITION

On April 14, 2020, we closed on an asset purchase agreement ("Asset Purchase Agreement") with the sellers ("Sellers") signatories thereto, including certain entities affiliated with the Topper Group that are under common control with the Partnership. Pursuant to the Asset Purchase Agreement, we expanded the retail operations of the Partnership by 169 sites (154 company operated sites and 15 commission sites) through a combination of (1) entering into new leasing arrangements with related parties as the lessee for 62 sites and (2) terminating contracts where we were previously the lessor and fuel supplier under dealer arrangements for 107 sites which, as a result of the Asset Purchase Agreement, are now company operated sites. As a result of the Asset Purchase Agreement, we have expanded our wholesale fuel distribution by 110 sites, including 53 third-party wholesale dealer contracts, and supply of the 62 newly leased sites.

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

In connection with the closing of the transactions contemplated under the Asset Purchase Agreement, we assumed certain contracts with third parties and affiliates necessary for the continued operation of the sites, including agreements with dealers and franchise agreements. Further, we have entered into customary triple-net ten-year master leases as lessee with certain affiliates of the Topper Group, with an aggregate annual rent of $8.1 million payable by the Partnership. See Note 15 for additional information on our operating leases as lessee.

In connection with the consummation of the transactions contemplated by the Asset Purchase Agreement, our contracts with certain Sellers, including DMS, were terminated and such entities are no longer customers or lessees of the Partnership. As a result, $8.0 million of the purchase price was accounted for as a loss on lease terminations during 2020. In addition, we wrote off $3.1 million in deferred rent income related to these same leases, also recorded as a loss on lease terminations during 2020.

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

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

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

Certain of the Sellers are under common control with the Partnership and thus assets acquired from such entities were recorded at carryover basis with an adjustment to equity pursuant to ASC 805-50. We recorded the following to reflect the acquisition (in thousands, except unit price):

	Common Control	Not Common Control	Total
Common units issued	842,891	—	842,891
Common unit price	$ 10.73	—	$ 10.73
Value of common units issued	9,044	—	9,044
Purchase price paid in cash	1,785	34,447	36,232
Total purchase price	10,829	34,447	45,276
Portion of purchase price allocated to loss on lease terminations	—	7,988	7,988
Net purchase price allocable to net assets acquired	10,829	26,459	37,288
Inventory	2,086	13,605	15,691
Property and equipment, net	2,139	13,648	15,787
Right-of-use assets, net	17,330	37,215	54,545
Intangible assets, net	2,646	690	3,336
Total assets	$ 24,201	$ 65,158	$ 89,359
Current portion of operating lease obligations	$ 2,216	$ 5,210	$ 7,426
Operating lease obligations, less current portion	15,114	32,005	47,119
Deferred income taxes	89	—	89
Asset retirement obligations	614	1,328	1,942
Other long-term liabilities	214	156	370
Total liabilities	$ 18,247	$ 38,699	$ 56,946
Net assets acquired	$ 5,954	$ 26,459	$ 32,413
Contribution to equity for excess of net assets acquired from entities under common control over portion of purchase price paid in cash	$ 4,169		$ 4,169

Note 6. ASSETS HELD FOR SALE

We have classified 25 and 24 sites as held for sale at December 31, 2020 and 2019, respectively, which are expected to be sold within one year of such classification. Assets held for sale were as follows (in thousands):

	December 31,	
	2020	2019
Land	$ 7,889	$ 10,082
Buildings and site improvements	2,784	5,178
Equipment	1,152	1,383
Total	11,825	16,643
Less accumulated depreciation	(1,927)	(3,412)
Assets held for sale	$ 9,898	$ 13,231

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, 2020. See Note 9 for information regarding impairment charges recorded upon such classification.

During 2020, we sold 33 properties for $21.2 million in proceeds, resulting in a net gain of $6.4 million. During 2019, we sold eight properties for $3.9 million in proceeds, resulting in a net gain of $1.4 million. During 2018, we sold 11 properties for $4.9 million, resulting in a net insignificant gain.

Note 7. RECEIVABLES

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

	Year Ended December 31,		
	2020	2019	2018
Balance at beginning of year	$ 557	$ 607	$ 277
Increase in allowance charged to expense	1,210	362	611
Accounts charged against the allowance, net of recoveries	(1,338)	(412)	(281)
Balance at end of year	$ 429	$ 557	$ 607

Notes receivable from lessee dealers totaled $1.3 million and $2.1 million at December 31, 2020 and 2019, respectively, and are included in other current assets and other noncurrent assets on the consolidated balance sheets.

Note 8. INVENTORIES

Inventories consisted of the following (in thousands):

	December 31,	
	2020	2019
Retail site merchandise	$ 11,969	$ —
Motor fuel	11,284	6,230
Inventories	$ 23,253	$ 6,230

See Notes 4 and 5 for information regarding the CST Fuel Supply Exchange and the acquisition of retail and wholesale assets, in which we acquired motor fuel and retail site merchandise inventories.

Note 9. PROPERTY AND EQUIPMENT

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

	December 31,	
	2020	2019
Land	$ 241,585	$ 257,131
Buildings and site improvements	284,593	296,411
Leasehold improvements	10,684	9,350
Equipment	236,420	194,997
Construction in progress	15,919	4,638
Property and equipment, at cost	789,201	762,527
Accumulated depreciation and amortization	(218,345)	(196,611)
Property and equipment, net	$ 570,856	$ 565,916

See Notes 3, 4 and 5 for additional information on the closings of the additional tranches of the asset exchange, the CST Fuel Supply Exchange and the acquisition of the retail and wholesale assets, respectively, in which we acquired and/or divested property and equipment.

Approximately $481.9 million of property and equipment, net was used for leasing purposes at December 31, 2020.

As discussed in Note 13, we lease sites under a lease with Getty Realty Corporation, 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 $11.7 million and $14.0 million at December 31, 2020 and 2019, respectively, net of accumulated amortization. Amortization of this right-of-use asset is included in depreciation, amortization and accretion expense on the statements of income and amounted to $2.2 million and $2.3 million in 2020 and 2019, respectively.

Depreciation expense, including amortization of assets recorded under finance lease obligations, was approximately $51.3 million, $42.8 million and $49.3 million for 2020, 2019 and 2018, respectively. Included in these amounts are impairment charges primarily related to sites classified within assets held for sale totaling $9.1 million, $4.5 million and $8.1 million during 2020, 2019 and 2018, respectively.

Note 10. INTANGIBLE ASSETS

Intangible assets consisted of the following (in thousands):

	December 31, 2020			December 31, 2019		
	Gross Amount	Accumulated Amortization	Net Carrying Amount	Gross Amount	Accumulated Amortization	Net Carrying Amount
Wholesale fuel supply contracts/rights	$ 187,643	$ (95,694)	$ 91,949	$ 124,479	$ (79,791)	$ 44,688
Trademarks/licenses	1,898	(1,115)	783	1,078	(1,072)	6
Covenant not to compete	4,552	(4,372)	180	4,552	(4,250)	302
Total intangible assets	$ 194,093	$ (101,181)	$ 92,912	$ 130,109	$ (85,113)	$ 44,996

See Note 3, 4 and 5 for information related to the closing of additional tranches of the asset exchange, the CST Fuel Supply Exchange and the acquisition of retail and wholesale assets, respectively, in which we acquired intangible assets.

Amortization expense was $16.1 million, $10.9 million and $15.4 million (including amortization of above and below market lease intangible assets, which is classified as rent expense and $2.0 million of impairment primarily related to FTC-required divestitures) for 2020, 2019 and 2018, respectively. Aggregate amortization expense is expected to be $18.0 million, $17.3 million, $13.3 million, $10.6 million and $8.6 million for 2021, 2022, 2023, 2024 and 2025, respectively.

Note 11. GOODWILL

Changes in goodwill during 2020 and 2019 consisted of the following (in thousands):

	Wholesale Segment	Retail Segment	Consolidated
Balance at December 31, 2018	$ 69,687	$ 19,077	$ 88,764
Reassignment	4,451	(4,451)	—
Balance at December 31, 2019 and 2020	$ 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 24 for additional information on the conversion of our company operated sites to dealer operated sites.

Note 12. ACCRUED EXPENSES AND OTHER LONG-TERM LIABILITIES

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

	December 31,	
	2020	2019
Taxes other than income	$ 9,117	$ 7,881
Capital expenditures and maintenance expenses	5,598	1,358
Current portion of environmental liabilities	1,710	1,520
Current portion of interest rate swap contracts (a)	1,028	—
Professional fees	916	880
Interest	537	992
Other	4,361	3,751
Total accrued expenses and other current liabilities	$ 23,267	$ 16,382

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

	December 31,	
	2020	2019
Security deposits	$ 17,417	$ 12,812
Deferred fuel supplier rebates	9,328	9,266
Environmental liabilities	2,204	1,870
Interest rate swap contracts, less current portion (a)	1,427	—
Accounts payable to Circle K (b)	—	4,616
Other	2,199	1,676
Total other long-term liabilities	$ 32,575	$ 30,240

(a) See Note 14 for information regarding the interest rate swap contracts entered into in 2020.
(b) See Note 16 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, 2020	December 31, 2019
Balance at beginning of year	$ 35,777	$ 32,867
Recognition of asset retirement obligations	5,997	3,505
Changes in estimated cash flows or settlement dates	(1,086)	(1,789)
Accretion	1,394	1,317
Obligations settled	(315)	(123)
Balance at end of year	41,767	35,777
Current portion, included within accrued expenses and other current liabilities	317	188
Long-term portion	$ 41,450	$ 35,589

Note 13. DEBT

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

	December 31, 2020	December 31, 2019
Revolving credit facility	$ 513,180	$ 519,000
Finance lease obligations	20,007	22,630
Total debt and finance lease obligations	533,187	541,630
Current portion	2,631	2,471
Noncurrent portion	530,556	539,159
Deferred financing costs, net	3,257	4,300
Noncurrent portion, net of deferred financing costs	$ 527,299	$ 534,859

As of December 31, 2020, future principal payments on debt and future minimum rental payments on finance lease obligations were as follows (in thousands):

	Debt	Finance Lease Obligations	Total
2021	$ —	$ 3,245	$ 3,245
2022	—	3,345	3,345
2023	—	3,446	3,446
2024	513,180	3,548	516,728
2025	—	3,652	3,652
Thereafter	—	5,019	5,019
Total future payments	513,180	22,255	535,435
Less interest component	—	2,248	2,248
	513,180	20,007	533,187
Current portion	—	2,631	2,631
Long-term portion	$ 513,180	$ 17,376	$ 530,556

Our borrowings under the revolving credit facility had a weighted-average interest rate of 1.93% as of December 31, 2020 (LIBOR plus an applicable margin, which was 1.75% as of December 31, 2020). See Note 14 for information related to entering into interest rate swap contracts.

Letters of credit outstanding at December 31, 2020 and 2019 totaled $4.0 million and $5.4 million, respectively. The amount of availability under the credit facility at December 31, 2020, after taking into consideration debt covenant restrictions, was $188.1 million.

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

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

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, 2020, we lease 113 sites under this lease with a weighted-average remaining lease term of 6.3 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 15.

The weighted-average discount rate for this finance lease obligation at December 31, 2020 was 3.5%. Interest on this finance lease obligation amounted to $0.7 million and $0.8 million for 2020 and 2019, respectively.

Note 14. INTEREST RATE SWAP CONTRACTS

The interest payments on our credit facility vary based on monthly changes in the one-month LIBOR and changes, if any, in the applicable margin, which is based on our leverage ratio as further discussed in Note 13. To hedge against interest rate volatility on our variable rate borrowings under the credit facility, on March 26, 2020, we entered into an interest rate swap contract. The interest rate swap contract has a notional amount of $150 million, a fixed rate of 0.495% and matures on April 1, 2024. On April 15, 2020, we entered into two additional interest rate swap contracts, each with notional amounts of $75 million, a fixed rate of 0.38% and that mature on April 1, 2024. All of these interest rate swap contracts have been designated as cash flow hedges and are expected to be highly effective.

The fair value of these interest rate swap contracts, which is included in accrued expenses and other current liabilities and other long-term liabilities, totaled $2.5 million at December 31, 2020. See Note 19 for additional information on the fair value of the interest rate swap contracts.

We report the unrealized gains and losses on our interest rate swap contracts designated as highly effective cash flow hedges as a component of other comprehensive income and reclassify such gains and losses into earnings in the same period during which the hedged interest expense is recorded. Realized gains and losses from settlements of the interest rate swap contracts netted to a $0.4 million charge for 2020.

We currently estimate that a loss of $1.0 million will be reclassified from accumulated other comprehensive loss into interest expense during the next 12 months; however, the actual amount that will be reclassified will vary based on changes in interest rates

Note 15. OPERATING LEASES

Operating Leases of Retail Sites as Lessee

We lease 465 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 5.6 years as of December 31, 2020.

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

	For the Year Ended December 31,	
	2020	2019
Cost of sales	$ 25,214	$ 27,493
Operating expenses	9,067	379
General and administrative expenses	1,081	685
Total	$ 35,362	$ 28,557

Variable lease payments included in the above table are based on inflation, revenues or volumes and totaled $2.3 million and $1.8 million for 2020 and 2019, respectively. Short-term lease payments included in the table above that are excluded from the lease liability amounted to $0.8 million and $0.6 million for 2020 and 2019, respectively. Cash paid for amounts included in the measurement of lease liabilities under operating leases totaled $33.1 million and $25.8 million for 2020 and 2019, respectively.

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

As of December 31, 2020, 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, 2020 was 6.7%.

2021	$ 33,118
2022	31,350
2023	29,141
2024	26,224
2025	23,961
Thereafter	81,043
Total future payments	224,837
Less impact of discounting	51,499
	173,338
Current portion	31,958
Long-term portion	$ 141,380

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.

See Note 5 for information regarding the acquisition of leasehold interests in connection with the acquisition of retail and wholesale assets.

Of our leased sites, we operate 108 of them as company operated sites. Substantially all the remaining leased sites are subleased to lessee dealers 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 $34.8 million, $38.2 million and $37.1 million for 2020, 2019 and 2018, respectively.

Operating Leases of Retail Sites as Lessor

Motor fuel stations are leased to tenants under operating leases with various expiration dates ranging through 2032. 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 as of December 31, 2020 were as follows (in thousands):

2021	$ 48,667
2022	39,367
2023	27,646
2024	22,288
2025	17,505
Thereafter	38,902
Total future minimum lease payments	$ 194,375

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 $5.3 million and $7.1 million at December 31, 2020 and 2019, respectively. See Note 5 for information regarding the write-off of deferred rent income as a result of terminating leases in connection with the acquisition of retail and wholesale assets.

Note 16. RELATED PARTY TRANSACTIONS

Transactions with Affiliates of Members of the Board

Wholesale Motor Fuel Sales and Real Estate Rentals

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

	For the Year Ended December 31,		
	2020	2019	2018
Revenues from motor fuel sales to DMS	$ 27,127	$ 142,236	$ 241,151
Rental income from DMS	1,395	6,326	12,569

As a result of the acquisition of retail and wholesale assets, as of April 14, 2020, we no longer have any revenue or rental income from DMS. See Note 5 for additional information.

Accounts receivable from DMS totaled $4.1 million at December 31, 2019.

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.
- 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.

During 2019, DMS gave notice to sever 12 sites effective 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 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 paid a $3.8 million contract termination payment to DMS. 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 statements of income.

Revenues from TopStar, an entity affiliated with Joseph V. Topper, Jr., were $21.0 million. $0.3 million and $0.3 million for 2020, 2019 and 2018, respectively. Accounts receivable from TopStar were $0.7 million at December 31, 2020. As discussed in Note 5, effective April 14, 2020, we acquired wholesale fuel supply rights, including this supply contract, as part of the acquisition of retail and wholesale assets. Prior to April 14, 2020, we only leased motor fuel stations to TopStar.

CrossAmerica leases real estate from the Topper Group. Rent expense paid under these lease agreements, including rent paid under the leases entered into in connection with the acquisition of retail and wholesale assets as further discussed in Note 5, was $6.6 million, $1.1 million and $1.0 million for 2020, 2019 and 2018, respectively.

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 independent conflicts committee of the Board, which is composed of the independent directors of the Board.

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

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

We incurred expenses under the Topper Group Omnibus Agreement, including costs for store level personnel at our company operated sites since our April 2020 acquisition of retail and wholesale assets, totaling $38.4 million for 2020. Such expenses are included in operating expenses and general and administrative expenses in the statements of income. Amounts payable to the Topper Group related to expenses incurred by the Topper Group on our behalf in accordance with the Topper Group Omnibus Agreement totaled $3.7 million at December 31, 2020.

IDR and Common Unit Distribution

We distributed $37.1 million, $16.0 million and $16.6 million to the Topper Group related to its ownership of our common units during 2020, 2019 and 2018, respectively. We distributed $0.1 million to the Topper Group related to its ownership of our IDRs during 2020. See Note 23 for information regarding the elimination of the IDRs.

Maintenance and Environmental Costs

Certain maintenance and environmental monitoring and remediation activities are performed by an entity affiliated with Joseph V. Topper, Jr., a member of the Board, as approved by the independent conflicts committee of the Board. We incurred charges with this related party of $0.6 million, $1.0 million and $1.8 million for 2020, 2019 and 2018, respectively. Accounts payable to this related party amounted to $0.1 million and $0.1 million at December 31, 2020 and 2019, respectively.

Environmental Compliance and Inventory Management Costs

We use certain environmental monitoring and inventory management equipment and services provided by an entity affiliated with the Topper Group, as approved by the independent conflicts committee of the Board. We incurred charges with this related party of $0.2 million for 2020.

Convenience Store Products

We purchase certain convenience store products from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of the Board, as approved by the independent conflicts committee of the Board in connection with the April 2020 acquisition of retail and wholesale assets. Merchandise costs amounted to $14.4 million for 2020. Amounts payable to this related party amounted to $1.5 million at December 31, 2020.

Vehicle Lease

In connection with the services rendered under the Topper Group Omnibus Agreement, we lease certain vehicles from an entity affiliated with Joseph V. Topper, Jr., a member of the Board, as approved by the independent conflicts committee of the Board. Lease expense was $0.1 million for 2020.

Principal Executive Offices

Our principal executive offices are in Allentown, Pennsylvania. We sublease office space from the Topper Group that the Topper Group leases from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of our board, as approved by the independent conflicts committee of the Board. Rent expense amounted to $1.1 million, $0.7 million and $0.7 million for 2020, 2019 and 2018, respectively.

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 2020, 2019 and 2018.

Transactions with Circle K

As a result of the GP Purchase, Circle K is no longer a related party and we are independent of Circle K from November 19, 2019 forward. However, for comparability purposes, we have disclosed balance sheet disclosures as of December 31, 2020 and December 31, 2019 and income statement amounts for transactions with Circle K for the full years of 2020, 2019 and 2018.

Fuel Sales and Rental Income

As of December 31, 2020, we sell wholesale motor fuel under a master fuel distribution agreement to 45 Circle K retail sites and lease real property on 11 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. As a result of the asset exchanges with Circle K (see Note 3 for additional information), we have sold most of the sites previously leased to Circle K, resulting in the reduction of rental income over the periods in the table below.

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

	For the Year Ended December 31,		
	2020	**2019**	**2018**
Revenues from motor fuel sales to Circle K	$ 97,040	$ 153,055	$ 162,974
Rental income from Circle K	5,641	13,898	16,791

Accounts receivable from Circle K for fuel amounted to $2.1 million and $3.1 million at December 31, 2020 and 2019, respectively.

CST Fuel Supply Equity Interests

CST Fuel Supply provides wholesale motor fuel distribution to the majority of CST's legacy U.S. retail sites at cost plus a fixed markup per gallon. From July 1, 2015 through the closing of the CST Fuel Supply Exchange, we owned a 17.5% total interest in CST Fuel Supply. We accounted for the income derived from our equity interest of CST Fuel Supply as "Income from CST Fuel Supply equity interests" on our statements of income, which amounted to $3.2 million, $14.8 million and $14.9 million for 2020, 2019 and 2018, respectively. See Note 4 for information regarding the CST Fuel Supply Exchange.

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

	Period from January 1 through March 25,	For the Year Ended December 31,	
	2020	**2019**	**2018**
Gross profit	$ 17,820	$ 87,010	$ 85,998
Net income	17,476	85,310	84,305

Purchase of Fuel from Circle K

We purchased $40.1 million, $263.5 million and $191.0 million of motor fuel from Circle K in 2020, 2019 and 2018, 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. In January 2020, this service was no longer provided by Circle K and the Topper Group has provided this service since (under the Topper Group Omnibus Agreement as further described below). This commission was insignificant, $0.9 million and $0.5 million for 2020, 2019 and 2018, respectively.

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

Transitional Omnibus Agreement, Circle K Omnibus Agreement and Management Fees

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

We incurred expense under the Transitional Omnibus Agreement and Circle K Omnibus Agreement, including non-cash stock-based compensation expense, totaling $11.6 million and $11.8 million for 2019 and 2018, respectively. 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 Transitional Omnibus Agreement totaled $4.6 million and $11.5 million at December 31, 2020 and 2019, respectively. The liability balance at December 31, 2020 includes omnibus charges that will be paid in quarterly payments through December 31, 2021.

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

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 292,118 common units to Circle K during 2018 as consideration for amounts due under the terms of the Circle K Omnibus Agreement.

IDR and Common Unit Distributions

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

Other Transactions with Circle K

As part of Circle K's acquisition of Holiday, the FTC issued a decree in which nine Upper Midwest sites were required to be divested to FTC approved third-party buyers. 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 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.

Note 17. 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.

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

	2020	2019
Balance at beginning of year	$ 3,390	$ 3,614
Provision for new environmental losses	210	292
Changes in estimates for previously incurred losses	1,403	354
Payments	(1,089)	(870)
Balance at end of year	3,914	3,390
Current portion, included within accrued expenses and other current liabilities	1,710	1,520
Long-term portion, included within other long-term liabilities	$ 2,204	$ 1,870

At December 31, 2020, we were indemnified by third-party escrow funds, state funds or insurance totaling $3.1 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 and CST Fuel Supply Exchange Agreement. As such, these environmental liabilities and indemnification assets are not recorded on the balance sheet of the Partnership.

Note 18. COMMITMENTS AND CONTINGENCIES

Purchase Commitments

We have minimum volume purchase requirements under certain of our fuel supply agreements with a purchase price at prevailing market rates for wholesale distribution. The following provides total annual future minimum volume purchase requirements (in thousands of gallons):

2021	580,096
2022	575,686
2023	430,302
2024	322,177
2025	274,469
Thereafter	1,173,385
Total	3,356,115

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 2020, 2019 or 2018.

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. On July 6, 2020, the FTC agreed to settle the matter in exchange for, among other things, the respondents' agreement to pay a $3.5 million civil penalty. Circle K indemnified us for any such penalties and associated legal costs, and Circle K paid this penalty to the FTC during 2020.

Note 19. 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 2020 or 2019.

As further discussed in Note 14, we entered into interest rate swap contracts during 2020. We used an income approach to measure the fair value of these contracts, utilizing a forward LIBOR yield curve for the same period as the future interest rate swap settlements. These fair value measurements are classified as Level 2.

As further discussed in Note 21, 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, 2020 and 2019 due to the short-term maturity of these instruments. The fair value of the revolving credit facility approximated its carrying value as of December 31, 2020 and 2019 due to the frequency with which interest rates are reset and the consistency of the market spread.

Note 20. PARTNERS' CAPITAL

We issued common units (net of units withheld for income taxes) as a result of the vesting of phantom units previously issued primarily to Topper Group and Circle K employees who provide services principally to CrossAmerica totaling 2,041 common units in 2020, 50,328 common units in 2019 and 40,534 common units in 2018. See Note 21 for additional information.

Distributions

Quarterly distribution activity to common unitholders for 2020 was as follows:

Quarter Ended	Record Date	Payment Date	Cash Distribution (per unit)	Cash Distribution (in thousands)
December 31, 2019	February 3, 2020	February 10, 2020	0.5250	18,111
March 31, 2020	May 5, 2020	May 12, 2020	0.5250	19,881
June 30, 2020	August 4, 2020	August 11, 2020	0.5250	19,887
September 30, 2020	November 3, 2020	November 10, 2020	0.5250	19,912
December 31, 2020	February 2, 2021	February 9, 2021	0.5250	19,912

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 21. 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:

	Employees		Directors	
	Phantom Units	Phantom Performance Units	Phantom Units	Total
Nonvested at December 31, 2018	827	13,607	15,580	30,014
Granted	—	14,712	18,481	33,193
Forfeited	—	(717)	—	(717)
Vested	(827)	(27,602)	(32,020)	(60,449)
Nonvested at December 31, 2019	—	—	2,041	2,041
Granted	48,112	—	12,306	60,418
Vested	—	—	(2,041)	(2,041)
Nonvested at December 31, 2020	48,112	—	12,306	60,418

The GP Purchase constituted 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.

Phantom Units

In July 2020, the Partnership granted 4,102 phantom units to each of three non-employee directors of the Board as a portion of director compensation. Such awards will vest in July 2021, conditioned upon continuous service as non-employee directors. 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.

In November 2020, the Partnership granted 48,112 phantom units to employees of the Topper Group. Of these awards, 50% vest ratably over three years through December 31, 2023 and 50% vest upon the employee's death, disability or retirement. 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.

Performance-Based Awards

In November 2020, the Partnership granted performance-based awards with an initial target value of $0.9 million. The performance-based awards vest on December 31, 2023 based on attainment of the performance goals set forth in the award agreements. The performance-based awards are weighted 65% for the increase of funds flow from operations per unit (as defined in the award agreements) and 35% for leverage (as defined in the award agreements), with a performance period from January 1, 2021 to December 31, 2023 and the reference period for the year ended December 31, 2020. The payout value for both performance conditions will be interpolated on a linear basis ranging from 0% to 200%, which will then be multiplied by the initial target value to determine the value of the units to be issued. The value of the units will then be divided by the 20-day volume-weighted average closing price of our common units as of the close of trading on the day before the conversion date to determine the actual number of units to be issued.

Overall

Since we grant awards to employees of the Topper Group who provide services to us under the Topper Group Omnibus Agreement and non-employee directors of the Board, and since the grants may be settled in cash at the discretion of our Board, unvested phantom units and unvested performance-based awards 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, 2020 and 2019.

We record equity-based compensation as a component of general and administrative expenses in the statements of income. Equity-based compensation expense was $0.1 million for 2020 and $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.

CST Equity-Based Awards

Equity-based compensation expense charged to us under the Circle K Omnibus Agreement amounted to $0.3 million for 2019 and 2018.

Note 22. INCOME TAXES

As a limited partnership, we are not subject to federal and state income taxes. However, our corporate subsidiaries are subject to income taxes. Income tax attributable to our taxable income (including any dividend income from our corporate subsidiaries), which may differ significantly from income for financial statement purposes, is assessed at the individual limited partner unitholder level. 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.

We are subject to a statutory requirement that non-qualifying income, as defined by the Internal Revenue Code, cannot exceed 10% of total gross income for the calendar year. If non-qualifying income exceeds this statutory limit, we would be taxed as a corporation. The non-qualifying income did not exceed the statutory limit in any period presented.

Certain activities that generate non-qualifying income are conducted through our wholly owned taxable corporate subsidiary, LGWS. Current and deferred income taxes are recognized on the earnings of LGWS. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates 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 Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed on March 27, 2020, which establishes a five-year carryback of net operating losses (NOLs) generated in 2018, 2019 and 2020 and temporarily suspends the 80% limitation on the use of NOLs in 2018, 2019 and 2020. The CARES Act also increases the adjusted taxable income limitation from 30% to 50% for business interest deductions under IRC Section 163(j) for 2019 and 2020. As a result of the CARES Act, we expect to carry back $16.9 million in net operating tax losses generated in 2020 to tax years 2015 through 2018, which resulted in the recording of an incremental current benefit of $1.0 million, representing the difference between the tax at the 21% statutory rate in 2020 as compared the 34% statutory rate at the time for 2015 through 2018.

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

	For the Year Ended December 31,		
	2020	2019	2018
Current			
U.S. federal	$ (3,973)	$ (4,865)	$ 1,117
U.S. state	461	66	411
Total current	(3,512)	(4,799)	1,528
Deferred			
U.S. federal	(491)	4,895	(2,737)
U.S. state	(3,945)	(1,326)	(1,524)
Total deferred	(4,436)	3,569	(4,261)
Income tax benefit	$ (7,948)	$ (1,230)	$ (2,733)

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,		
	2020	2019	2018
Consolidated income from continuing operations before income taxes - all domestic	$ 99,508	$ 16,846	$ 2,513
Income from continuing operations before income taxes of non-taxable entities	(119,457)	(16,902)	(8,881)
Loss from continuing operations before income taxes of corporate entities	(19,949)	(56)	(6,368)
Federal income tax benefit at statutory rate	(4,189)	(11)	(1,337)
Increase (decrease) due to:			
Rate difference on NOL carryback [(a)]	(1,003)	—	—
Nondeductible expenses	1	54	132
Basis difference of acquired assets	—	—	(648)
State income taxes, net of federal income tax benefit [(b)]	(2,712)	(995)	(880)
Non-taxable refund	(45)	(278)	—
Total income tax benefit	$ (7,948)	$ (1,230)	$ (2,733)

(a) The CARES Act allows a 5-year carryback of net operating losses generated in 2020, which resulted in the recognition of an incremental benefit at the 34% statutory federal rate in effect for 2015 through 2017 relative to the current statutory federal rate of 21%.

(b) The state tax benefit was primarily driven by changes in apportionment due to a reduction in gross receipts in certain combined filing states where we were generally in a net deferred tax liability position and an increase in gross receipts in separate company filing states that do not conform to federal bonus depreciation rules where we are generally in a net deferred tax asset position. See Note 24 for information regarding the conversion of company operated sites to dealer operated sites, which resulted in a reduction in gross receipts primarily in combined filing states. See Note 5 for information regarding the acquisition of retail and wholesale assets, which resulted in an increase in gross receipts primarily in separate filing states.

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

	December 31,	
	2020	2019
Deferred income tax assets:		
Deferred rent expense	$ 175	$ 256
Operating and finance lease obligations	40,274	26,003
Asset retirement obligations	9,847	8,075
Intangible assets	9,994	8,736
Other assets	7,361	2,535
Total deferred income tax assets	67,651	45,605
Deferred income tax liabilities:		
Deferred rent income	1,036	1,249
Property and equipment	46,174	44,095
Right-of-use assets	35,463	19,630
Total deferred income tax liabilities	82,673	64,974
Net deferred income tax liabilities	$ 15,022	$ 19,369

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, 2020 or 2019. 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 2020, 2019 and 2018.

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 2017 through 2020; therefore, these years remain subject to examination by federal, state and local jurisdiction authorities.

Note 23. NET INCOME PER LIMITED PARTNER UNIT

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

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

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):

	Years Ended December 31,		
	2020	2019	2018
Numerator:			
Distributions paid	$ 77,791	$ 72,427	$ 75,599
Allocation of distributions in excess of net income	29,532	(54,884)	(71,927)
Limited partners' interest in net income - basic and diluted	$ 107,323	$ 17,543	$ 3,672
Denominator:			
Weighted average limited partnership units outstanding - basic	37,369,487	34,454,369	34,345,298
Adjustment for phantom units[(a)]	—	30,432	—
Weighted average limited partnership units outstanding - diluted	37,369,487	34,484,801	34,345,298
Net income per limited partnership unit - basic and diluted	$ 2.87	$ 0.51	$ 0.11
Distributions paid per common unit	$ 2.1000	$ 2.1000	$ 2.2025
Distributions declared (with respect to each respective period) per common unit	$ 2.1000	$ 2.1000	$ 2.1000

(a) Excludes 13,364 and 19,075 potentially dilutive securities from the calculation of diluted earnings per common unit because to do so would be antidilutive for 2020 and 2018, respectively.

Equity Restructuring

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

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

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

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

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

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

Note 24. 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 (through the closing of the acquisition of retail and wholesale assets), Circle K and 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 (through the closing of the acquisition of retail and wholesale assets) 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 the sale of convenience merchandise items and the retail sale of motor fuel at company operated sites. A commission agent is a retail site where we retain title to the motor fuel inventory and sell it directly to our end user customers. At commission agent retail sites, we manage motor fuel inventory pricing and retain the gross profit on motor fuel sales, less a commission to the agent who operates the retail site. Similar to our Wholesale segment, we also generate revenues through leasing or subleasing real estate in our Retail segment.

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

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

	Wholesale	Retail	Unallocated	Consolidated
Year Ended December 31, 2020				
Revenues from fuel sales to external customers	$ 1,176,943	$ 541,882	$ —	$ 1,718,825
Intersegment revenues from fuel sales	370,916	—	(370,916)	—
Revenues from food and merchandise sales [a]	—	123,295	—	123,295
Rent income	72,799	10,434	—	83,233
Other revenue [a]	2,344	4,626	—	6,970
Total revenues	$ 1,623,002	$ 680,237	$ (370,916)	$ 1,932,323
Income from CST Fuel Supply equity interests	$ 3,202	$ —	$ —	$ 3,202
Operating income (loss) [b]	$ 123,457	$ 1,328	$ (9,193)	$ 115,592
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 [a]	—	47,875	—	47,875
Rent income	81,427	8,712	—	90,139
Other revenue [a]	2,887	1,507	—	4,394
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) [b]	$ 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 [a]	—	93,872	—	93,872
Rent income	77,404	8,238	—	85,642
Other revenue [a]	3,384	3,731	—	7,115
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) [b]	$ 117,848	$ 8,429	$ (91,265)	$ 35,012

(a) We reclassified revenues related to certain ancillary items such as car wash revenue, lottery commissions and ATM commissions from revenues from food and merchandise sales to other revenue to conform to the current year presentation, which amounted to $1.5 million and $3.7 million for 2019 and 2018, respectively.

(b) As discussed in Note 2, as a result of the adoption of ASC 842, operating income for 2020 and 2019 is not comparable to operating income for 2018. 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 2018, respectively. Of the total payments, $5.5 million was classified as interest expense in 2018.

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

	December 31,	
	2020	2019
Receivables from fuel and merchandise sales	$ 23,800	$ 33,032
Receivables for rent and other lease-related charges	5,650	9,318
Total accounts receivable	$ 29,450	$ 42,350

Performance obligations are satisfied as fuel is delivered to the customer and as merchandise is sold to the consumer. Many of our fuel 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 $8.3 million and $6.5 million at December 31, 2020 and 2019, respectively. Amortization of such costs is recorded against operating revenues and amounted to $1.2 million, $1.0 million and $0.9 million for 2020, 2019 and 2018, respectively

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

Conversion of Upper Midwest Company Operated Sites to Lessee Dealer 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.

During the third quarter of 2019, we converted 46 company operated Upper Midwest sites to dealer operated sites. 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 the multi-site operator, classified within the loss on dispositions and lease terminations, net line item of the statement of income. As further discussed in Note 11, we also reassigned $4.5 million of goodwill from the Retail segment to the Wholesale segment.

As a result of this transition, we did not have any company operated sites from September 30, 2019 through April 14, 2020. See Note 5 for information regarding the acquisition of retail and wholesale assets from the Topper Group and certain other parties.

Note 25. 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,		
	2020	2019	2018
Decrease (increase):			
Accounts receivable	$ 7,497	$ (10,997)	$ 12,514
Accounts receivable from related parties	3,368	(1,951)	4,271
Inventories	(777)	7,244	362
Other current assets	(5,593)	(868)	(66)
Other assets	(2,338)	(2,697)	(137)
Increase (decrease):			
Accounts payable (a)	6,559	12,404	(3,157)
Accounts payable to related parties (b)	4,517	(12,923)	(1,853)
Motor fuel taxes payable	7,260	1,871	(1,637)
Accrued expenses and other current liabilities	900	(7,896)	1,364
Other long-term liabilities	(2,183)	7,180	(1,645)
Changes in operating assets and liabilities, net of acquisitions	$ 19,210	$ (8,633)	$ 10,016

(a) Change in 2020 driven by newly acquired company operated activity and initial build of accounts payable balance
(b) Change in 2019 includes a $14.2 million payment to Circle K as partial settlement of omnibus charges

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,		
	2020	2019	2018
Cash paid for interest	$ 16,000	$ 26,344	$ 31,201
Cash paid for income taxes, net of refunds received	759	3,296	1,580

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

	For the Year Ended December 31,		
	2020	2019	2018
Lease liabilities arising from obtaining right-of-use assets	$ 70,905	$ 2,879	$ —
Net assets acquired in connection with the asset exchange tranches with Circle K	(75,935)	(35,740)	—
Net assets acquired in connection with the CST Fuel Supply Exchange with Circle K	(54,920)	—	—
Net assets acquired in connection with the acquisition of retail and wholesale assets	(17,092)	—	—
Circle K Omnibus Agreement fees settled in our common units	—	—	6,518

Note 26. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table summarizes quarterly financial data for 2020 and 2019 (in thousands, except per unit amounts):

	2020 Quarter Ended			
	March 31	June 30	September 30	December 31
Operating revenues	$ 391,695	$ 398,402	$ 591,022	$ 551,204
Gross profit	35,729	57,648	62,272	56,478
Operating income	77,432	6,329	23,692	8,139
Net income attributable to limited partners	72,061	5,230	21,205	8,960
Basic and diluted earnings per common unit [(a)]	2.00	0.14	0.56	0.24

	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

(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.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management has evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934) as of the end of the period covered by this report, and has concluded that our disclosure controls and procedures were effective as of December 31, 2020.

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, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Management of CrossAmerica Partners LP

Our General Partner manages our operations and activities on our behalf. DMP indirectly owns all of the membership interests in our General Partner. The Topper Group has sole and exclusive authority over our General Partner. All of our executive officers are employed by an affiliate of the Topper Group.

Our General Partner has a Board that oversees our management, operations and activities. Our unitholders are not entitled to elect the directors of the Board or participate in our management or operations. The Topper Group, as the indirect owner of our General Partner, has the right to appoint and remove all members of the Board. Our General Partner owes a fiduciary duty to our unitholders. However, our Partnership Agreement contains provisions that limit the fiduciary duties that our General Partner owes to our unitholders. Our General Partner is liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically nonrecourse to it. Whenever possible, our General Partner intends to incur indebtedness or other obligations that are nonrecourse. Except as described in our Partnership Agreement and subject to its fiduciary duty to act in good faith, our General Partner has exclusive management power over our business and affairs.

Our General Partner does not have any employees. All of the personnel who conduct our business are employed by an affiliate of the Topper Group, and their services are provided to us pursuant to the Topper Group Omnibus Agreement.

Directors and Executive Officers

The Partnership does not directly employ any of the persons responsible for managing or operating the Partnership. We are managed and operated by the Board and the executive officers appointed by our General Partner who are employees of an affiliate of the Topper Group. The following table shows information for the directors of our General Partner and our executive officers appointed by our General Partner.

Directors and Executive Officers of the General Partner

Current Directors and Executive Officers	Age (1)	Position with our General Partner
Joseph V. Topper, Jr.	65	Chairman of the Board
John B. Reilly, III	59	Vice Chairman of the Board
Justin A. Gannon	71	Director
Mickey Kim	62	Director
Keenan D. Lynch	32	Director, General Counsel and Corporate Secretary
Charles M. Nifong, Jr.	47	Director, President and Chief Executive Officer
Maura Topper	34	Director
Kenneth G. Valosky	60	Director
Eric M. Javidi (2)	44	Chief Financial Officer
Jonathan E. Benfield (3)	45	Chief Accounting Officer
David F. Hrinak (4)	64	Executive Vice President of Wholesale

(1) as of December 31, 2020

(2) Mr. Javidi was elected Chief Financial Officer effective November 5, 2020.

(3) Mr. Benfield resigned as Interim Chief Financial Officer and was appointed Chief Accounting Officer effective November 5, 2020.

(4) Mr. Hrinak was elected Executive Vice President of Wholesale effective February 24, 2020. Prior to that he was Vice President of Operations.

Our General Partner's directors hold office until the earlier of their death, resignation, removal or disqualification or until their successors have been elected and qualified. Our executive officers serve at the discretion of the Board. In selecting and appointing directors to the Board, DMP, as the indirect owner of the sole member of our General Partner, does not apply a formal diversity policy or set of guidelines. However, when appointing new directors, the Topper Group as the owner of the sole member of our General Partner, will consider each individual director's qualifications, skills, business experience and capacity to serve as a director, as described below for each director, and the diversity of these attributes for the Board as a whole.

Joseph V. Topper, Jr. has served as a director on the Board since October 2012 and was elected Chairman of the Board effective November 19, 2019. Mr. Topper has been the President of Dunne Manning Inc. ("DMI"), a diversified portfolio of companies operating in the wholesale and retail gasoline, real estate and investing industries, since 2015. Mr. Topper served as President and Chief Executive Officer of the General Partner from October 2012 to March 2015. Mr. Topper resigned as President effective March 2015 and his term as Chief Executive Officer ended in September 2015. Mr. Topper also served as Chairman of the Board from October 28, 2012 through September 30, 2014. Mr. Topper has over 25 years of management experience in the wholesale and retail fuel distribution business. In 1987, Mr. Topper purchased his family's retail fuel business and five years later founded DMI (formerly known as Lehigh Gas Corporation), where he has served as the Chief Executive Officer since 1992. He served on the board of directors of CST Brands, Inc. from October 2014 until December 2016. He is the past President/Chairman of the board of directors for Villanova University, Lehigh Valley PBS and the Lehigh Valley PBS Foundation. He also served as a board member for the Good Shepherd Rehabilitation Hospital in Allentown. Mr. Topper holds a Masters degree of Business Administration from Lehigh University and a bachelor's degree in Accounting from Villanova University. Mr. Topper also previously held the designation of Certified Public Accountant.

John B. Reilly, III has served as a director on the Board since May 2012 and was elected Vice Chairman of the Board effective November 19, 2019. He was a member of the Partnership's audit and conflicts committee from October 2014 through November 2019. Mr. Reilly has served as the President of City Center Investment Corp since May 2011. Prior to then, he was President of Landmark Communities and Managing Partner of Traditions of America since 1998. Mr. Reilly has thirty years of experience in commercial and residential real estate development and planning, finance management and law. Mr. Reilly serves as a trustee of Lafayette College and also served as the chairman of the board of trustees for the Lehigh Valley Health Network. He holds a Juris Doctor degree from Fordham University Law School and a bachelor's degree in economics from Lafayette College. He is a Certified Public Accountant and a member of the Pennsylvania Bar Association.

Justin A. Gannon has served as a director on the Board and Chairman of its audit committee and member of its conflicts committee since October 2014. Mr. Gannon has acted as an independent consultant and private investor since September 2013. From February 2003 through August 2013, He served in various roles at Grant Thornton LLP, including as National Leader of Merger and Acquisition Development from June 2011 through August 2013, Central Region Managing Partner from January 2010 through June 2011, Office Managing Partner in Houston, Texas from August 2007 through June 2011 and Office Managing Partner in Kansas City, Missouri from August 2005 to July 2007. From 1971 through 2002, Mr. Gannon worked at Arthur Andersen LLP, the last 21 years as an audit partner. From December 2014 until October 2020, Mr. Gannon served on the board of directors of California Resources Corporation (NYSE: CRC) and as chair of the audit committee and member of the compensation committee. Mr. Gannon also served on the board of directors of Vantage Energy Acquisition Corp. (NASDAQ: VEACU) and as chairman of the audit committee and a member of the compensation committee from April 2017 until its dissolution in April 2019. He is a former chairman of the board of directors of American Red Cross Chapters in the Tulsa, Oklahoma and San Antonio, Texas areas. Mr. Gannon received a bachelor's degree in Accounting from Loyola Marymount University and is a Certified Public Accountant licensed in California (inactive) and Texas.

Mickey Kim has served as a director on the Board and Chairman of its conflicts committee and member of its audit committee since June 2017. Mr. Kim is a Member, Chief Operating Officer and Chief Compliance Officer of Kirr, Marbach & Company, LLC ("KM"), a registered investment adviser. Mr. Kim joined KM in 1986 and has been KM's Chief Operating Officer since 1996 and Chief Compliance Officer since 2004. Mr. Kim has also served as Vice President, Treasurer and Secretary of Kirr, Marbach Partners Funds, Inc., a registered investment company, since 1998. Prior to his position with KM, Mr. Kim was a Senior Research Analyst at Driehaus Capital Management, a Chicago investment management firm, from 1982 to 1985. Mr. Kim has been a Chartered Financial Analyst (CFA) charterholder since 1985 and passed the Certified Public Accountant examination in 1980. He holds a bachelor's degree in Accounting from the University of Illinois (1980) and a Masters degree in Business Administration from the University of Chicago (1982).

Keenan D. Lynch was appointed as a director of the Board and Corporate Secretary of the General Partner, effective November 19, 2019 and General Counsel, effective February 24, 2020. Since 2017, he has served as Vice President and General Counsel of DMI, a diversified portfolio of companies operating in the wholesale and retail gasoline, real estate and investing industries. Before joining DMI, from 2015 to 2017, he was an associate at Skadden, Arps, Slate, Meagher & Flom LLP. He holds a Bachelor of Arts from Villanova University, a Juris Doctor from the University of Pennsylvania Law School and an L.L.M. in Taxation from the Villanova University Charles Widger School of Law.

Charles M. Nifong, Jr. was appointed as a director of the Board and President and Chief Executive Officer of the General Partner, effective November 19, 2019. Prior to assuming his current position, Mr. Nifong was the President of Dunne Manning Stores, Inc., a convenience store operator and wholesale fuel provider. Mr. Nifong served as the Chief Investment Officer and Vice President of Finance for the Partnership from 2013 through 2015. Before joining the Partnership, Mr. Nifong worked for more than nine years in investment banking as a Director at Bank of America Merrill Lynch where he worked on an extensive range of capital markets and mergers and acquisitions advisory assignments. Prior to his career in investment banking, Mr. Nifong served as a Captain in the United States Army in armor and reconnaissance units. Mr. Nifong holds a Bachelor of Chemical Engineering with Highest Honor from the Georgia Institute of Technology and Master of Business Administration from the University of Virginia.

Maura Topper was appointed as a director of the Board effective November 19, 2019. She is currently Vice President and Chief Financial Officer of Dunne Manning, a diversified portfolio of companies operating in the real estate and investing industries. Prior to joining Dunne Manning in 2014, Ms. Topper graduated from the Masters of Business Administration program at Columbia Business School. Prior to that, she served as a Marketing Account Executive at MSG Promotions, Inc. and a senior accountant in the audit practice of Deloitte & Touche LLP in New York. Ms. Topper graduated from Villanova University in 2008 with a Bachelor of Science degree in Accounting and a Bachelor of Science in Business (Finance). From 2012 to 2014, she served as a director on the Board.

Kenneth G. Valosky was appointed director on the Board and a member of its audit committee and conflicts committee effective November 19, 2019. He is Executive Vice President of Villanova University. He joined Villanova University in 2000 as the Chief Financial Officer and has served as its Vice President for Finance, Acting Senior Vice President for Administration and Vice President for Administration and Finance before assuming his current role in 2014. He previously held several senior financial positions at Thomas Jefferson University prior to joining the University in 2000. These positions included Director of Internal Audit and Controller. He began his career as a public accountant with Touche Ross & Co. (a predecessor to Deloitte). Mr. Valosky also served as a trustee and chair of the Stewardship Committee of the Mercy Health System of Southeastern Pennsylvania, trustee and chair of the Finance Committee of Merion Mercy Academy and as a member of the Auditing and Accounting Committee of the Archdiocese of Philadelphia. He received a B.S. in Accountancy, cum laude from Villanova University and an M.S. in Organizational Dynamics from the University of Pennsylvania. He is a Certified Public Accountant, inactive status in the Commonwealth of Pennsylvania.

Eric M. Javidi was appointed Chief Financial Officer of the General Partner effective November 5, 2020. Prior to joining the Partnership, Mr. Javidi was the President and CEO of Southcross Holdings GP, LLC, the general partner of Southcross Holdings LP, from June 2019 to July 2020. Southcross Holdings was an energy infrastructure company focused on natural gas gathering, treating, processing and transportation services. Southcross Holdings owned the general partner of Southcross Energy Partners, L.P., a publicly traded Delaware limited partnership. Mr. Javidi led the separation of Southcross Holdings from Southcross Energy and, ultimately, the dissolution and termination of Southcross Holdings. From April 2015 to March 2019, Mr. Javidi was a Managing Director at Kayne Anderson Capital Advisors, L.P., an alternative investment management firm focused on real estate, credit, infrastructure/energy, renewables and growth equity. At Kayne Anderson, Mr. Javidi focused primarily on private and public equity investments in the energy infrastructure space. Prior to Kayne Anderson, Mr. Javidi worked as an investment banker in various capacities at UBS, Barclays and Lehman Brothers, most recently as an Executive Director in UBS' energy investment banking group. As an investment banker, Mr. Javidi focused on mergers and acquisitions activity and capital markets activity in the energy infrastructure space. From August 2020 to October 2020, Mr. Javidi was a private investor and consultant, providing strategic and financial consulting services for private equity portfolio companies. Mr. Javidi holds a bachelor's degree with majors in Economics and Psychology from the University of California, Davis and a Master of Business Administration from Duke University, with emphases in Finance & Accounting as well as Financial Analysis.

Jonathan E. Benfield was appointed Chief Accounting Officer of the General Partner effective November 5, 2020. Prior to that he held the position of Interim Chief Financial Officer of the General Partner from November 19, 2019 through November 5, 2020. Mr. Benfield has over 20 years of public and corporate accounting experience and has served in a variety of roles since joining CrossAmerica in 2012, most recently as Director of Finance. Before joining CrossAmerica, Mr. Benfield worked for four years at PPL Corporation, most recently as Manager of Financial Reporting. He also worked for nine years at Ernst & Young, most recently as Senior Manager in the audit practice. He served on the Board of Trustees of Bally Savings Bank from 2004 to 2012, including as chairman of the board from 2009 to 2012. Mr. Benfield is a Certified Public Accountant and holds a bachelor's degree in Accounting and Finance from Kutztown University.

David F. Hrinak was appointed Executive Vice President of Wholesale of the General Partner effective February 24, 2020. Prior to that he was Vice President of Operations from November 19, 2019 through February 23, 2020. Mr. Hrinak previously served as Executive Vice President and Chief Operating Officer of the General Partner from 2014 until June 2017 and served as President of the General Partner from May 2012 to October 2014. He previously served as an officer of DMI from 2005 until the founding of the General Partner and was DMI's President from September 2010 until May 2012. Mr. Hrinak has more than 36 years of experience in the wholesale and retail fuel distribution business. Prior to joining DMI, Mr. Hrinak was the Branded Wholesale Manager at ConocoPhillips.

Family Relationships

Mr. Topper, Chairman of the Board, is the father of Ms. Topper, a director of our General Partner, and the father-in-law of Mr. Lynch, a director of our General Partner and General Counsel and Corporate Secretary, and Ms. Topper is the sister-in-law of Mr. Lynch. There are no other family relationships between any of the directors or executive officers of the Partnership.

Director Independence

Section 303A of the NYSE Listed Company Manual provides that limited partnerships are not required to have a majority of independent directors. The Board has adopted a policy that the Board has at all times at least three independent directors or such higher number as may be necessary to comply with the applicable federal securities law requirements. For the purposes of this policy, "independent director" has the meaning set forth in Section 10A(m)(3) of the Exchange Act, any applicable stock exchange rules and the rules and regulations promulgated in the Partnership governance guidelines available on its website www.crossamericapartners.com.

The Board has determined Messrs. Gannon, Kim and Valosky to be independent as defined under the independence standards established by the NYSE and the Exchange Act. These directors, whom we refer to as independent directors, are not officers or employees of our General Partner or its affiliates and have been determined by the Board to be otherwise independent of the Topper Group and its affiliates.

Composition of the Board

The Board consists of eight members. The Board holds regular and special meetings at any time as may be necessary. Regular meetings may be held without notice on dates set by the Board from time to time. Special meetings of the Board or meetings of any committee of the Board may be held at the request of the Chairman of the Board or a majority of the Board (or a majority of the members of such committee) upon at least two days (if the meeting is to be held in person) or 24 hours (if the meeting is to be held telephonically) prior oral or written notice to the other members of the Board or committee or upon such shorter notice as may be approved by the directors or members of such committee. A quorum for a regular or special meeting will exist when a majority of the members are participating in the meeting either in person or by telephone conference. Any action required or permitted to be taken at a meeting of the Board or at any committee may be taken without a meeting if such action is evidenced in writing and signed by a majority of the members of the Board. During 2020, the Board held six meetings in which each director attended 100% of the Board meetings. Management also provided two updates to the Board in which each director attended both updates.

Committees of the Board

The Board has an audit committee and a conflicts committee. The charter for each of the committees can be found in its entirety on the Partnership's website at www.crossamericapartners.com under the "Corporate Governance" tab in the "Investors" section. As a limited partnership, we are not required by NYSE rules to have a compensation committee or a nominating and corporate governance committee. All committee members attended all committee meetings.

Audit Committee

The members of the Audit Committee are Messrs. Gannon, Kim and Valosky. Mr. Gannon serves as chair. The audit committee is comprised entirely of directors who meet the financial literacy standards of the NYSE and the Exchange Act. The rules and regulations established by the NYSE and the Exchange Act also generally require that our audit committee consist entirely of independent directors. The Board has determined that Messrs. Gannon, Kim and Valosky meet the independence standards required of audit committee members by the NYSE and the Exchange Act and that they meet the financial literacy standards of directors who serve on the audit committee, and Mr. Gannon is an "audit committee financial expert" as defined by SEC rules. The audit committee assists the Board in its oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements, Partnership policies and controls, the independent auditor's qualifications and independence, the performance of the Partnership's internal audit function and risk assessment and risk management. The audit committee has sole authority with respect to the appointment, retention, compensation, evaluation, oversight of the work and termination of our independent auditors and has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the audit committee deems necessary to carry out its duties and receives appropriate funding, as determined by the audit committee, from the Partnership for such advice and assistance. In 2020, the audit committee held 6 meetings.

Conflicts Committee

The members of the Conflicts Committee are Messrs. Gannon, Kim and Valosky. Mr. Kim serves as chair. Pursuant to our Partnership Agreement, the members of the conflicts committee may not be officers or employees of our General Partner or directors, officers or employees of its affiliates, must not be holders of any ownership interest in the General Partner or any of its affiliates, other than Partnership units, that is determined by the Board of Directors, after reasonable inquiry, to be likely to have an adverse impact on the ability of such director to fulfill his or her obligations as a member of the conflicts committee, and must meet the independence standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors. The Board has determined that Messrs. Gannon, Kim and Valosky qualify to serve on the conflicts committee. The conflicts committee is responsible for reviewing specific matters that the Board believes may involve conflicts of interest between the General Partner and its affiliates and the Partnership. The conflicts committee determines if the resolution of such conflict is fair and reasonable to the Partnership. In 2020, the conflicts committee held 12 meetings.

Meeting of Independent Directors and Communications with Directors

The independent members of the audit committee have met in executive sessions without members of management. The chairman presides over each executive session of the independent directors. Any independent director may request that additional executive sessions of the independent directors be held, and the presiding independent director for the previous session will determine whether to call any such meeting.

Unitholders or interested parties may communicate directly with the Board, any committee of the Board, any independent director, or any one director, by sending written correspondence by mail addressed to the Board, committee or director to the attention of our Corporate Secretary at the following address: c/o Corporate Secretary, CrossAmerica Partners LP, 600 Hamilton Street, Suite 500, Allentown, PA 18101. Communications are distributed to the Board, committee of the Board, or director, as appropriate, depending on the facts and circumstances outlined in the communication. Commercial solicitations or communications will not be forwarded.

Meetings of Unitholders

Our Partnership Agreement provides that the General Partner manages and operates us and that, unlike holders of common stock in a corporation, unitholders only have limited voting rights on matters affecting our business or governance as set forth in our Partnership Agreement. Accordingly, we do not hold annual meetings of unitholders.

Code of Ethics and Business Conduct

The Board has adopted a Code of Ethics and Business Conduct that applies to directors of the General Partner and our executive officers. Our General Partner also expects all employees of the Topper Group providing services to or for the benefit of the Partnership and its operating subsidiaries to adhere to the Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct can be found on CrossAmerica Partners' website at www.crossamericapartners.com under the "Corporate Governance" tab in the "Investors" section. The Board has also adopted Corporate Governance Guidelines that outline important policies and practices regarding our governance, which can also be found in its entirety on CrossAmerica Partners' website at www.crossamericapartners.com under the "Corporate Governance" tab in the "Investors" section. Requests for print copies of the Code of Ethics and Business Conduct and/or the Corporate Governance Guidelines may be directed to Investor Relations at info@crossamericapartners.com or to Investor Relations, CrossAmerica Partners LP, 600 Hamilton Street, Suite 500, Allentown, PA 18101 or made by telephone at (610) 625-8005. The information contained on, or connected to, our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report that we file with or furnish to the SEC.

Reimbursement of Expenses of Our General Partner

Except as otherwise set forth in our Topper Group Omnibus Agreement, our Partnership Agreement requires us to reimburse our General Partner for all direct and indirect expenses it incurs or payments it makes on our behalf and all other expenses reasonably allocable to us or otherwise incurred by our General Partner in connection with operating our business. The Partnership Agreement does not limit the amount of expenses for which our General Partner and its affiliates may be reimbursed. These expenses include (without limitation) salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our General Partner by its affiliates. Our General Partner is entitled to determine in good faith the expenses that are allocable to us. Please read "Item 13. *Certain Relationships and Related Party Transactions and Director Independence - Topper Group Omnibus Agreement*."

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Overview

We do not directly employ or compensate any of our executive officers, including our named executive officers who were serving as our executive officers at the end of the fiscal year ended December 31, 2020 ("NEOs"), or other employees who provide services necessary for managing our business. Under our Partnership Agreement, the General Partner manages our operations and activities on our behalf. Our General Partner also does not directly employ any of its executive officers or other employees. For our fiscal year ending December 31, 2020, our executive officers, including our NEOs, as more fully described below, were employed and compensated by an affiliate of the Topper Group.

For 2020, the provision of management services by, and payment to, the Topper Group was governed by the Topper Group Omnibus Agreement.

Named Executive Officers

For 2020, our NEOs were:

- *Charles M. Nifong, Jr.* – Mr. Nifong has served as our Chief Executive Officer and President since November 19, 2019.
- *Eric M. Javidi* – Mr. Javidi has served as our Chief Financial Officer since November 5, 2020.
- *Jonathan E. Benfield* – Mr. Benfield served as our Interim Chief Financial Officer from November 19, 2019 through November 4, 2020 and is currently serving as our Chief Accounting Officer effective November 5, 2020.
- *David F. Hrinak* – Mr. Hrinak has served as our Vice President of Operations from November 19, 2019 through February 24, 2020 and is currently serving as our Executive Vice President of Wholesale. During 2020, 90% of Mr. Hrinak's time was allocated to the Partnership.
- *Keenan D. Lynch* – Mr. Lynch has served as our Corporate Secretary since November 19, 2019 and our General Counsel since February 24, 2020. During 2020, 80% of Mr. Lynch's time was allocated to the Partnership.

The Partnership does not determine the compensation for its NEOs. For 2020, the compensation philosophy and practices of the Topper Group were used to determine the compensation of the NEOs and all compensation decisions were in the sole discretion of the Topper Group. The compensation philosophy and practices of the Topper Group were used to determine the total compensation of the NEOs and all compensation decisions were in the sole discretion of the Topper Group.

The compensation philosophies and practices of the Topper Group during 2020 are described below in this Compensation Discussion and Analysis, and the compensation actually awarded by the Topper Group to the NEOs for their services to the Partnership during 2020 is set out in the accompanying Summary Compensation Table and related compensation tables that follow this Compensation Discussion and Analysis.

Compensation

Objectives and Philosophy

The compensation philosophy of the Topper Group is based on performance and the achievement of predetermined objectives and it is a reflection of the entrepreneurial culture of the Topper Group, which is a culture where the financial interests of its executives are aligned with the performance of the company and the investors they represent. The compensation strategy includes variable components linked to short term, medium term and long-term performance. The Topper Group compensation plans and programs for executives are designed to (i) recruit, develop and retain talented executives; (ii) reward exceptional performance as measured by predetermined and quantifiable objectives; (iii) establish a direct relation between the interests of the executives and those of the shareholders of the Topper Group and the unitholders of the Partnership by favoring the creation of value in the short, medium and long term; (iv) encourage teamwork and promote company values; and (v) support the company's business strategy. The Topper Group's compensation plans and programs are established based on internal principles of equity that take into consideration the role, nature and level of each of the executives as well as external principles of equity such as fair, equitable and competitive compensation terms in comparison to peers as well as those of the market in general.

Elements of Executive Compensation

The three main components of the remuneration of the Topper Group's executive compensation program are base salary, annual incentive plan and long-term incentive plan, as shown in the table below.

Element	***Description***	***Objectives***
Base salary	Annual base salary is based on the functional responsibilities and competences of the executives	Attract, retain and motivate executives
Topper Group 2020 Performance Based Compensation Policy (the "Bonus Policy")	Performance based bonus compensation policy ranging from 35% to 100% of base salary, which payment is determined by financial objectives	Motivate executives to achieve objectives with a higher degree of difficulty and thereby achieve or exceed the business plan of the Partnership Create accountability among executives for the achievement of these financial objectives Align the short-term interests of executives with those of the company and its shareholders
Long-term incentive compensation	Phantom stock unit plan with grants varying according to position held Performance payouts also vary depending on the achievement of special measurable objectives that are key to the financial success of the company	Align long-term interests of executives with those of the company and its shareholders

Base Salary

The human resources department of the Topper Group approved the following annualized base salaries for the 2020 fiscal year:

Name	2020 Annual Base Salary[1]
Charles M. Nifong, Jr.	$500,000
Eric M. Javidi	300,000
Jonathan E. Benfield[2]	190,000
David F. Hrinak	273,000
Keenan D. Lynch	269,440

(1) The amount shown represents annualized base salary, not the portion allocated to the Partnership.
(2) Mr. Benfield received a salary increase on February 10, 2020 from $168,910 to $190,000 to bring his salary more in line with his job description.

The Summary Compensation Table reflects the portion of the annualized base salary allocated to the Partnership.

Short-Term Incentive Compensation

2020 Performance-Based Bonus Compensation Policy

The 2020 Performance-Based Bonus Compensation Policy (the "2020 Bonus Plan") is one of the key components of the "at-risk" compensation. The 2020 Bonus Plan is utilized to reward short-term performance achievements and to motivate and reward executives for their contributions toward meeting financial and strategic goals.

For the NEOs, the Topper Group determined to include, as part of their compensation, the 2020 Bonus Plan for the fiscal year ending on December 31, 2020. As approved by the Board in May 2020, the 2020 Bonus Plan included financial objectives, each with a specified percentage weighting, based on the achievement of (i) Adjusted EBITDA (35%); (ii) distributable cash flow (15%); wholesale contract conversion (20%); wholesale volume conversion (20%); and non-core real estate asset divestiture (10%). As set forth in the 2020 Bonus Plan, if the objective's target was met between the minimum and maximum target, the bonus would be paid on a sliding scale between 75% and 100%. The weight of the metrics is 100% and the payout range is 0-100%.

Under the 2020 Bonus Plan, Mr. Nifong could achieve earnings of 100% of base salary. Mr. Javidi could achieve earnings of 50% (prorated) of his base salary. Mr. Benfield could achieve earnings of 35% of his base salary. Mr. Hrinak could achieve earnings of 75% of his base salary. Mr. Lynch could achieve earnings of 40% of his base salary.

The purpose of the 2020 Bonus Plan is to motivate executives to achieve objectives with a higher degree of difficulty and thereby achieve or exceed the business plan of the Partnership.

Under the 2020 Bonus Plan, the attainment of performance metrics and the achievement factor are determined once the measurement period ends on December 31, 2020. The bonus plan metrics and weightings were finalized in January 2020, before the severity and impact of the COVID-19 Pandemic were known or could be reasonably estimated. Based on the metrics and weightings assigned, the payout under the 2020 Bonus Plan for executive officers would have been 12% of the target bonus amount. In evaluating the performance of personnel under the plan and making its determination of payment amounts, the Board considered the extraordinary efforts of personnel in the successful execution of the transformational transactions of 2020 during the depths of the global COVID-19 Pandemic. Furthermore, the Board also considered the exceptional efforts of personnel in ensuring the operational continuity of the Partnership throughout the year despite the immense challenges of the pandemic. In light of these factors, the Board approved an additional discretionary bonus component for the incentive plan to bring senior leadership to 47.5% of target bonus and most other plan participants to 47.5% of target bonus, with select exceptions both higher and lower for non-senior leadership personnel.

Name	2020 Annual Base Salary(1)	Target Bonus Plan as a % of Base Salary	Bonus Plan Target at 100%	2020 Bonus Plan Payment Approved (2)(3)
Charles M. Nifong, Jr.	$ 500,000	100%	$ 500,000	$ 237,500
Eric M. Javidi	300,000	50%	150,000	11,875
Jonathan E. Benfield	190,000	35%	66,500	31,587
David F. Hrinak	273,000	75%	204,750	97,256
Keenan D. Lynch	269,440	40%	107,776	51,193

(1) The amounts shown represent annualized base salary, not the portion allocated to the Partnership.
(2) The amounts shown will be paid in 2021.
(3) For Messrs. Nifong, Benfield, Hrinak and Lynch the amounts will be paid as follows: the first $25,000 in cash and the remainder of the bonus will be paid 50% in cash and 50% in fully vested common units. The number of common units will be determined on a 20-day volume weighted average price through March 11, 2021 with a payment date of March 12, 2021. For Mr. Javidi, the amount will be paid in all cash.

Couche-Tard Annual Incentive Plan

The Couche-Tard Annual Incentive Plan ("AIP") was one of the key components of the "at-risk" compensation in 2019. It was utilized to reward short-term performance, achievements and to motivate and reward executives for their contributions toward meeting financial and strategic goals. Amounts received for the 2019 AIP short-term incentive plan reflect net earnings of the Plan that were allocated to the Partnership under the Circle K Omnibus Agreement and the Transitional Omnibus Agreement. Mr. Benfield received a prorated payment in December 2019 and the remaining portion of his payment in June 2020.

Make-Whole Bonus Distribution

On November 10, 2020 Messrs. Nifong, Javidi and Lynch received a one-time make-whole bonus in the amounts of $8,880, $3,197, and $3,589, respectively, which equates to the dividend equivalents they would have received had their equity awards (granted on November 9, 2020) been granted prior to November 3, 2020, the record date for the November distribution.

Long-Term Incentive Compensation

Grants of Equity Awards

Under the Lehigh Gas Partners LP 2012 Incentive Award Plan, in 2020, an aggregate of 29,841 equity awards were granted to Messrs. Nifong, Javidi, and Lynch in the form of Time Based Phantom Units with associated Distribution Equivalent Rights ("DERs") ("TBUAs"). Of the total number of TBUAs granted, 50% will vest one-third on each December 31 over three years until December 31, 2023 if the executive remains employed over the vesting term, and 50% will vest upon death, disability or retirement, as long as such retirement is not adverse to the interests of the Partnership, as determined by the Board in its sole discretion.

In addition, Performance Based Awards were granted to Messrs. Nifong, Javidi and Lynch with a target dollar value of $375,000, $135,000 and $101,040, respectively, and will be calculated in dollar amounts and then converted into common units representing limited partner interests in the Partnership or cash, or both, at the discretion of the Board, based on attainment of the Performance Goals as described below. The Performance Based Awards vest on December 31, 2023. The Performance Based Awards are weighted 65% for Increase of Funds Flow from Operations per Unit and 35% for Partnership Leverage, with a performance period from January 1, 2021 to December 31, 2023 ("Measurement Period") and the reference period ending on December 31, 2020.

Increase in Funds Flow from Operations per Unit

The target value with respect to Increase in Funds Flow from Operations per Unit is determined as follows. First, the average Funds Flow from Operations per Unit will be calculated for the Measurement Period. Next, that number will be divided by the Funds Flow from Operations per Unit for the twelve-month period ending on December 31, 2020 as the reference period. The payout percentage for Increase in Funds Flow from Operations per Unit will range from 0-200% of 65% of the Initial Dollar Target Amount.

"Funds Flow From Operations per Unit" is defined as distributable cash flow per Unit, excluding maintenance capital expenditures or any other such capital expenditures typically included in calculating distributable cash flow.

Partnership Leverage

The target value associated with Partnership Leverage is determined as follows. First, Partnership Leverage will be calculated for each of the respective twelve-month periods ending on December 31, 2021, 2022 and 2023. Next, "Average Partnership Leverage" will be calculated as the sum of three times the Leverage for the year ending December 31, 2023, plus two times the Leverage for the year ending December 31, 2022, plus the Leverage for the year ending December 31, 2021, divided by six (i.e., Average Partnership Leverage will be a weighted average with greater emphasis given to the latter years in the Measurement Period). The payout percentage for Partnership Leverage will range from 0-200% of 35% of the Initial Dollar Target Amount.

"Partnership Leverage" is defined as the ratio of the Partnership's total debt as of a specified date (as determined in accordance with the Partnership's GAAP financial statements) divided by EBITDA for the twelve-month period prior to such specified date. In case of acquisitions, EBITDA will be calculated on a pro forma basis for such acquisitions, providing that the debt incurred for such acquisitions is reflected in the total debt amount.

Distributable cash flow per Unit and EBITDA are calculated consistent with the Partnership's financial information filed with the Securities and Exchange Commission.

Other Benefits

All NEOs were eligible after completing one year of service to participate in the Dunne Manning 401(k) plan, a qualified safe harbor plan with 100% match of employee contributions up to 4% of the executive's base salary. All NEOs were eligible to receive voluntary benefit programs, including medical, dental, vision, life and disability insurance.

Other Compensation Policies and Practices

Restrictions on Hedging, Pledging and Other Transactions

Our Insider Trading Policy prohibits "Covered Persons" from (a) speculative transactions such as short sales, puts, calls or other similar derivative transactions, hedging or monetization transactions with respect to Partnership securities; (b) holding securities of the Partnership in a margin account; and (c) pledging Partnership securities as collateral for loans. For purposes of the Insider Trading Policy, Covered Persons are directors of the Partnership and our General Partner, executive officers of the Partnership or DMI or their affiliates, including our General Partner and those employees who have, or have access to, certain financial information regarding the Partnership and are designated as Covered Persons (and in each case their family members and controlled entities within the meaning of the Insider Trading Policy). Transactions that are otherwise prohibited by our Insider Trading Policy may be approved by the Corporate Secretary of the General Partner, as the compliance officer of our Insider Trading Policy. Compliance with these policies is monitored by the Board. A copy of our Insider Trading Policy is available in its entirety on the CrossAmerica Partners' website at www.crossamericapartners.com under the "Corporate Governance" tab in the "Investors" section.

Clawback Policy

We have adopted a "clawback" policy that applies to any bonuses and other incentive and equity compensation awarded to our executive officers. This policy provides that, in the event of a material restatement of the Partnership's financial results due to material noncompliance with certain financial reporting requirements, the Board, or the appropriate committee of the Board, will review all such incentive compensation and, if such incentive compensation would have been lower had it been calculated based on the restated results, the Board, or the appropriate committee of the Board, will (to the extent permitted by law and as appropriate under the circumstances) use reasonable efforts to seek to recover for the benefit of the Partnership all or a portion of such incentive compensation, subject to a three-year look-back period. In July 2015, the SEC proposed new Rule 10D-1 under the Exchange Act to implement the provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2012, or the Dodd-Frank Act, which requires the SEC to adopt rules relating to the disclosure of a company's compensation recovery, or "clawback," policies in connection with an accounting restatement. Once the SEC issues final rules regarding clawback policies, we intend to review and, if necessary, amend our policy to comply with such rules.

Impact of Regulatory Requirements

Internal Revenue Code—We believe we are a limited partnership and not a corporation for U.S. federal income tax purposes. It is not entirely clear whether the compensation paid to the NEOs is subject to the deduction limitations under Section 162(m) of the Internal Revenue Code. If we are required to be treated as a corporation for U.S. federal income tax purposes, however, the limitations of Section 162(m) would apply. In any event, compensation decisions in respect of the NEOs will be made in a manner designed to best incentivize appropriate performance.

Non-Qualified Deferred Compensation—Certain payments under the Partnership's Executive Income Continuity Plan (the "EICP") may be subject to the tax rules applicable to non-qualified deferred compensation arrangements of the American Jobs Creation Act of 2004.

Accounting for Stock-Based Compensation—We account for stock-based compensation in accordance with the requirements of ASC 718 for all of our stock-based compensation plans. See Note 21 to the financial statements for a discussion of all assumptions made in the calculation of stock awards to our NEOs.

Compensation Committee Report*

The members of the Board have reviewed and discussed the Compensation Discussion and Analysis included in this Annual Report on Form 10-K with management and, based on such review and discussions and such other matters the Board deemed relevant and appropriate, the Board has approved the inclusion of the Compensation Discussion and Analysis in this Annual Report on Form 10-K.

Members of the Board:

Joseph V. Topper, Jr.

John B. Reilly, III

Justin A. Gannon

Mickey Kim

Keenan D. Lynch

Charles M. Nifong, Jr.

Maura Topper

Kenneth G. Valosky

* As a publicly traded limited partnership, we are not required to and do not have a compensation committee. Accordingly, the Compensation Committee Report required by Item 407(e)(5) of Regulation S-K is given by the Board as specified by Item 407(e)(5)(i) of Regulation S-K.

The foregoing compensation committee report is not "soliciting material," is not deemed filed with the SEC, and is not to be incorporated by reference into any of the Partnership's filings under the Securities Act, or the Exchange Act, respectively, whether made before or after the date of this annual report on Form 10-K and irrespective of any general incorporation language therein.

Summary Compensation Table

The following table sets forth certain information with respect to compensation of our NEOs. Except for the management fee we paid to the Topper Group under the Topper Group Omnibus Agreement, we did not pay or reimburse any cash compensation amounts to or for our NEOs in 2020. The amounts shown for Messrs. Hrinak and Lynch represent only that portion allocable to the Partnership.

Name and Principal Position	Year	Salary ($) (1)	Bonus ($) (4)	Stock Awards ($) (5)(6)	Options Awards ($) (7)	Non-Equity Incentive Plan Compensation ($) (8)	All Other Compensation ($) (9)	Total ($) (10)
Charles M. Nifong, Jr., President and Chief Executive Officer	2020	528,846	186,380	250,004	—	60,000	12,575	1,037,805
Eric M. Javidi, Chief Financial Officer (2)	2020	46,154	12,072	90,010	—	3,000	158	151,394
Jonathan E. Benfield,	2020	186,267	24,868	—	—	7,980	8,987	228,102
Chief Accounting Officer (3)	2019	145,864	8,636	5,270	—	28,263	10,530	198,563
David F. Hrinak, Executive Vice President Wholesale	2020	255,150	72,686	—	—	24,570	1,174	353,580
Keenan D. Lynch, General Counsel and Corporate Secretary	2020	223,843	41,849	101,036	—	12,933	77	379,738

(1) Amount exceeds base salary due to timing of payroll payments.

(2) Mr. Javidi was appointed Chief Financial Officer effective November 5, 2020 and as such, the salary reflected is prorated for 2020.

(3) Mr. Benfield received a salary increase on February 10, 2020.

(4) For Mr. Nifong, the amount represents a one-time make-whole bonus in the amount of $8,880 and a discretionary bonus under the 2020 Bonus Plan in the amount of $177,500. For Mr. Javidi, the amount represents a one-time make-whole bonus in the amount of $3,157 and a discretionary bonus under the 2020 Bonus Plan in the amount of $8,875. For Mr. Benfield, the amount represents the remaining cash payment earned under the 2019 Couche-Tard AIP short-term incentive plan allocated to the Partnership under the Transitional Omnibus Agreement in the amount of $11,261 and a discretionary bonus under the 2020 Bonus Plan in the amount of $23,607. For Mr. Hrinak, the amount represents a discretionary bonus under the 2020 Bonus Plan. For Mr. Lynch, the amount represents a one-time make-whole bonus in the amount of $3,589 and a discretionary bonus under the 2020 Bonus Plan in the amount of $38,260.

(5) The amounts shown represent the grant date fair value of awards for each of the years shown computed in accordance with ASC 718, Compensation-Stock Compensation. See Note 21 to the financial statements for a discussion of all assumptions made in the calculation of this amount. The grant date fair value for the Performance Based Awards was $0 because the performance period commenced on January 1, 2021. The maximum amount payable pursuant to the Performance Based Awards is $750,000 for Mr. Nifong, $270,000 for Mr. Javidi and $202,080 for Mr. Lynch.

(6) See the Grants of Plan-Based Awards table for more information regarding TBUAs and the Performance Based Awards granted in 2020.

(7) There were no stock options granted to NEOs in 2018, 2019 or 2020.

(8) The amounts represent the earned portion of the Bonus Policy.

(9) The amounts listed as "All Other Compensation" for 2020 are composed of 401(k) company match, cell phone reimbursement and premiums for group term life insurance. For Mr. Nifong, the amount includes $11,400 in 401(k) company match, $935 in cell phone reimbursement and $240 in group-term life insurance premiums. For Mr. Javidi, the amount includes $138 in cell phone reimbursement and $20 in group-term life insurance premiums. For Mr. Benfield, the amount includes $7,847 in 401(k) company match, $900 in cell phone reimbursement and $240 in group-term life insurance premiums. For Mr. Hrinak, the amount includes $934 in cell phone reimbursement and $240 in group-term life insurance premiums. For Mr. Lynch, this amount includes $77 in group-term life insurance premiums.

(10) Represents amounts allocated to the Partnership under the Topper Group Omnibus Agreement.

Grants of Plan-Based Awards

The following table provides information regarding grants of plan-based awards to our NEOs during 2020. All equity awards shown were in the form of TBUAs or Performance Based Awards.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (2)	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards (3)
		Threshold ($)	Target ($)	Maximum ($)	Threshold ($)	Target ($)	Maximum ($)	(#)	(#)	($/Sh)	($)
Charles M. Nifong, Jr.											
CAPL 2020 Bonus Plan		60,000	500,000	500,000	—	—	—	—	—	—	—
CAPL LTI Plan	11/9/2020	—	—	—	—	375,000	750,000	16,915	—	—	250,004
Eric M. Javidi											
CAPL 2020 Bonus Plan		18,000	150,000	150,000	—	—	—	—	—	—	—
CAPL LTI Plan	11/9/2020	—	—	—	—	135,000	270,000	6,090	—	—	90,010
Jonathan E. Benfield											
CAPL 2020 Bonus Plan		7,980	66,500	66,500	—	—	—	—	—	—	—
David F. Hrinak											
CAPL 2020 Bonus Plan		24,570	204,750	204,750	—	—	—	—	—	—	—
Keenan D. Lynch											
CAPL 2020 Bonus Plan		12,933	107,776	107,776	—	—	—	—	—	—	—
CAPL LTI Plan	11/9/2020	—	—	—	—	101,040	202,080	6,836	—	—	101,036

(1) Represents an award of Performance Based Awards under the long-term incentive plan. The Performance Based Awards are granted and calculated in dollar amounts and then will convert into common units or cash, or both, at the discretion of the Board, based on attainment of the performance goals. Therefore, the columns in this table represent the dollar amounts and not the number of units. The Performance Based Awards vest on December 31, 2023. The Performance Based Awards are weighted 65% for Increase of Funds Flow from Operations per Unit and 35% for Partnership Leverage, with a performance period from January 1, 2021 to December 31, 2023 and the reference period ending on December 31, 2020.

(2) Represents an award of TBUAs under the long-term incentive plan. Of this award, 50% will vest a third each on December 31, 2021, 2022 and 2023. The remaining 50% will vest upon death, disability or retirement with board approval. The threshold amount represents the 50% of the award that will vest over the three-year period if the executive remains employed over the vesting term.

(3) The amounts shown represent the grant date fair value of the TBUAs computed in accordance with ASC 718, Compensation-Stock Compensation. See Note 21 to the financial statements for a discussion of all assumptions made in the calculation of this amount. The grant date fair value for the Performance Based Awards was $0 because the performance period commenced on January 1, 2021.

Outstanding Equity Awards at Year End

The following table provides information regarding the number of outstanding equity awards held by our NEOs at December 31, 2020.

	Stock Awards (1)			
Name	Number of Shares or Units of Stock That Have Not Vested (2) (#)	Market Value of Shares or Units of Stock That Have Not Vested (2) ($)	Equity Incentive Plan Awards Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (3) ($)
Charles M. Nifong, Jr.	16,915	290,431	—	375,000
Eric M. Javidi	6,090	104,565	—	135,000
Keenan D. Lynch	6,836	117,374	—	101,040

(1) The amounts below include TBUAs and Performance Based Awards.

(2) Fifty percent of the TBUAs will vest a third each on December 31, 2021, 2022 and 2023. The remaining 50% will vest upon death, disability or retirement with board approval. The market value is based on the December 31, 2020 closing unit price of our common units.

(3) Represents the target dollar amount of the Performance Based Awards that will convert into common units or cash, or both, at the discretion of the Board, based on attainment of the Performance Goals. The Performance Based Awards vest on December 31, 2023. The Performance Based Awards are weighted 65% for Increase of Funds Flow from Operations per Unit and 35% for Partnership Leverage, with a performance period from January 1, 2021 to December 31, 2023 and the reference period ending on December 31, 2020.

Option Exercises and Equity Vested

No equity awards to our NEOs vested during 2020.

Potential Payments upon Termination or Change in Control

Our executive officers may be entitled to certain payments upon termination of their employment under certain circumstances, in each case, as more fully described below. Any such payments that are to be made in cash will be subject to reimbursement under the Topper Group Omnibus Agreement.

Executive Income Continuity Plan

The Partnership originally adopted the EICP in 2014 and further amended it in 2016. Effective November 5, 2020, the Board terminated the EICP with the consent of all participants which included all of the present NEOs other than Mr. Javidi. As further explained below, however, Mr. Benfield remains entitled to the compensation and benefits that otherwise would have been payable under the EICP had it not been terminated.

As in effect before its termination, the EICP had provided certain cash severance, medical/life benefits continuation, equity incentive award vesting and outplacement and relocation assistance benefits following a qualifying termination of employment (a termination other than due to death, disability, retirement, cause or voluntary resignation other than for good reason (all as defined in the EICP, as applicable)). The benefits were increased if the termination occurred within the two years after a change in control (within the meaning of the EICP, including the GP Purchase). Notwithstanding the termination of the EICP, Mr. Benfield remains entitled upon a qualifying termination of employment to the benefits to which he would have become entitled under the EICP as in effect prior to its termination. Those benefits include: payment of the sum of his salary and target bonus in installments over 12 months (a lump-sum payment equal to 2.99 times the sum of his salary and target bonus if the termination occurs before November 19, 2021 or after a subsequent change in control); continued medical/life benefits for one year on the same basis as in effect before the termination (three years if the termination occurs before November 19, 2021 or after a subsequent change in control); full vesting of equity incentive awards; outplacement assistance for one year; and, in certain circumstances, reimbursement of relocation expenses incurred by reason of such termination. Had Mr. Benfield experienced a qualifying termination of employment on December 31, 2020 (which was within two years following the change in control that occurred by reason of the GP Purchase), the amounts payable to him would have been approximately: a lump-sum cash severance payment equal to $766,935; continued medical/life benefits valued at $861 based on existing cost levels; and reimbursement for outplacement assistance services. Mr. Benfield held no unvested equity incentive awards as of such date, and the value of potential relocation benefits is not meaningfully determinable. The actual amounts payable to Mr. Benfield upon termination of employment, if any, will depend on the prevailing circumstances at the time (including whether it is before November 19, 2021 or after a subsequent change in control) and may differ materially from the foregoing.

Lehigh Gas Partners LP 2012 Incentive Award Plan

Under the Lehigh Gas Partners LP 2012 Incentive Award Plan and the award agreements, in the event an NEO’s employment is terminated for any reason, all outstanding TBUAs and Performance Based Awards will be forfeited without payment, except that upon an NEO’s death or disability, the TBUAs will vest in full and the Performance Based Awards will be determined in accordance with its terms, subject to adjustments as the Board may make in its reasonable discretion. Upon a change in control of the Partnership, the Board in its sole discretion may determine the treatment. If, upon death or disability of any of Messrs. Nifong, Javidi and Lynch as of December 31,2020, their TBUAs will vest in full in the amounts of $290,431, $104,565 and $117,374, respectively. The Performance Based Awards will be valued at zero as the performance period commences on January 1, 2021.

Principal Executive Officer Pay Ratio

We are providing the following information about the relationship of the annual total compensation of individuals providing services in respect to the Partnership and the annual total compensation of Charles M. Nifong, Jr., our Principal Executive Officer (our “PEO”):

For the year ended December 31, 2020:

- the median of the annual total compensation of all individuals providing services in respect of the Partnership (other than our PEO) was $78,377; and
- the annual total compensation of our PEO was $1,037,805.

Based on this information for 2020, we have determined that the ratio of our PEO’s annual total compensation to the annual total compensation of our median employee was 13:1. Our pay ratio figure was calculated in a manner consistent with Item 40(u) of Regulation S-K.

As of December 31, 2020, there were 107 employees of an affiliate of the Topper Group who provided substantial management services to us for the full year. As discussed in this Form 10-K, our PEO is an employee of an affiliate of the Topper Group, but we are including his annual total compensation in the determination of the PEO pay ratio, as required under SEC rules.

The date we used to identify our median employee changed from October 30, 2019 last year to December 31, 2020 this year to capture a full year of salary.

We identified our median employee based on the aggregate salary actually paid during 2020 to these employees.

For purposes of determining aggregate salary, we included the amount of base salary and overtime the employee received during the year and all other pay elements related to base salary including, but not limited to, cash bonuses, holiday pay, vacation pay and other paid time off, if any. Aggregate salary amounts did not include any commissions or other compensation. In making this determination, we excluded any full-time and part-time permanent employees who were hired in 2020 but were not employed by us for the entire year ended December 31, 2020.

Once we identified our median employee, we then determined that employee's annual total compensation, including any perquisites and other benefits, in the same manner that we determine the annual total compensation of our NEOs for purposes of the Summary Compensation Table disclosed above. The annual total compensation of our median employee was determined to be $78,377. This annual total compensation amount for our median employee was then compared to the total compensation of our PEO for 2020 of $1,037,805. The elements included in the PEO's annual total compensation are fully discussed above in the footnotes to the Summary Compensation Table.

Director Compensation

Overview

Set out below is a discussion of compensation paid for 2020 to individuals who served as non-employee members of our Board during any portion of 2020. Board members who were employees providing services in respect of the Partnership did not receive any separate compensation for their Board service.

Director Compensation for 2020

Each non-employee director received cash compensation of $45,000 per year (paid on a quarterly basis). The chairman of each of the audit committee and conflicts committee received additional cash compensation of $10,000 for 2020 (paid on a quarterly basis). In addition, each non-employee director received $1,000 per each Board meeting attended or $500 per each Committee meeting attended.

Messrs. Gannon, Kim, and Valosky received an award of 4,102 phantom units in an amount equal to $55,000 based on the closing price of the Partnership's common units on the date of grant as compensation for their service from June 28, 2020 until June 27, 2021. Such phantom units vest one year from date of award and include the payment made by the Partnership of distribution equivalent rights equal to the amount of distributions authorized to be paid to holders of common units of the Partnership.

Our directors are reimbursed for all out-of-pocket expenses in connection with attending meetings of the Board or its committees. To the extent permitted under Delaware law, each director is fully indemnified by us for actions associated with being a director.

The following table provides the compensation amounts for each of our non-employee directors for 2020.

Directors	Fees Earned or Paid in Cash ($) (1)	Stock or Unit Awards and Option Awards ($) (2)	All Other Compensation ($)	Total ($)
Justin A. Gannon (3)(4)	67,000	55,000	—	122,000
Mickey Kim (3)(4)	67,000	55,000	—	122,000
Kenneth D. Valosky (3)	57,000	55,000	—	112,000

(1) Non-employee directors received a cash retainer of $45,000 (paid quarterly) and an additional $10,000 for chairs of the Committees. In addition, each non-employee director received $1,000 per each Board meeting attended and $500 per each Committee meeting attended.

(2) Under the Lehigh Gas Partners LP 2012 Incentive Award Plan, the directors will receive phantom units that can be converted to common units or cash, at the discretion of the Board. The amounts shown represent the grant fair value of awards for each of the years shown computed in accordance with ASC 718, Compensation-Stock Compensation

(3) As part of the compensation to non-employee directors for the period June 28, 2020 to June 27, 2021, each of Messrs. Gannon, Kim and Valosky received an equity grant of 4,102 phantom units of the Partnership based upon a fair market value of $13.41 per unit, which was the NYSE closing price of our common units on July 22, 2020. These phantom unit awards were accompanied by tandem distribution equivalent rights that entitled the holder to cash payments equal to the amount of unit distributions authorized to be paid to the holders of Partnership common units. There are no other outstanding equity awards.

(4) Messrs. Kim and Gannon received additional cash compensation of $10,000 per year for their service as chairman of the conflicts committee and audit committee, respectively.

Compensation Committee Interlocks and Insider Participation

None of the directors or executive officers of our General Partner served as members of the compensation committee of another entity that has or had an executive officer who served as a member of our Board during 2020. We do not have a separate compensation committee. Decisions regarding the compensation of our NEOs for 2020 were made, as applicable, by the Topper Group as the owner of our General Partner prior to the GP Purchase.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

As of February 22, 2021, the following table sets forth the beneficial ownership of our common units of:

- Each person known by us to be a beneficial owner of more than 5% of our outstanding common units;
- Each NEO and director of the Board; and
- All of the executive officers and directors of the Board, as a group.

	Beneficial Ownership of Common Units		
Name of Beneficial Owner	Number of Units		Percent of Class
Greater than 5% Stockholders**			
Invesco	5,832,920	(1)	15.4%
Patricia Dunne Topper Trust	16,563,826	(2)	43.7%
Dunne Manning Inc.	3,782,216	(3)	10.0%
DM Partners Management Co LLC	10,014,804	(4)	26.4%
Dunne Manning Partners LLC	10,014,804	(4)	26.4%
Dunne Manning CAP Holdings I LLC	7,486,131	(4)	19.8%
Dunne Manning CAP Holdings II LLC	2,528,673	(4)	6.7%
Directors			
Joseph V. Topper, Jr.	18,521,871	(5)	48.9%
John B. Reilly, III	951,675	(6)	2.5%
Justin A. Gannon	17,465		*
Mickey Kim	11,781		*
Keenan D. Lynch	6,956	(7)	*
Charles M. Nifong, Jr.	10,327		*
Maura Topper	8,601	(8)	*
Kenneth G. Valosky	6,741		*
Named Executive Officers			
Eric M. Javidi	—		*
Jonathan E. Benfield	3,365		*
David F. Hrinak	40,446		*
Directors and executive officers as a group (11 persons)**	19,579,228		51.7%

* The percentage of common units beneficially owned does not exceed one percent of the common units outstanding

** The address for each of our officers and directors listed below is 600 Hamilton Street, Suite 500 Allentown, PA 18101. The address for the entities listed under “greater than 5% stockholders” other than Invesco is 645 Hamilton St., Suite 500, Allentown, PA 18101.

(1) Invesco has (i) sole power to vote 5,832,920 common units and (ii) sole power to dispose of 5,832,920 common units, based on its Schedule 13F-HR filed as of February 16, 2021. The address for Invesco is 1555 Peachtree Street, N.E., Suite 1800, Atlanta, GA 30309.

(2) 68,972 common units are held directly by the Patricia Dunne Topper Trust for the Family of Joseph V. Topper, Jr. (the "Trust"). The Trust is controlled by Mr. Topper, the Chairman of the Board of the General Partner. All common units owned directly by the Trust are pledged to secure certain indebtedness. The remaining common units listed here are directly owned by each of Dunne Manning, Inc., Energy Realty Partners, LLC, Nova8516 LP, Dunne Manning Wholesale LLC, Dunne Manning CAP Holdings I LLC and Dunne Manning CAP Holdings II LLC, all entities controlled by Mr. Topper and the Trust.

(3) All 3,782,216 common units are held directly by Dunne Manning Inc., which is owned 100% by the Trust and Mr. Topper is its sole director. Mr. Topper may be deemed to beneficially own these common units.

(4) DM Partners Management Co LLC ("DM Management") is a wholly owned subsidiary of the Trust, which is controlled by Mr. Topper. DM Management controls Dunne Manning Partners, LLC, the 100% owner of each of Dunne Manning CAP Holdings I LLC ("CAP Holdings I") and Dunne Manning CAP Holdings II LLC ("CAP Holdings II"). Each of CAP Holdings I and CAP Holdings II directly holds 7,486,131 and 2,528,673 common units, respectively. As a result, each of DM Management and Dunne Manning Partners LLC may be deemed to beneficially own an aggregate of 10,014,804 common units. The Trust indirectly owns a majority of the member interests in Dunne Manning Partners LLC.

(5) Includes 374,453 common units held by The Topper Foundation, a 501(c)(3) non-profit corporation. Mr. Topper, who makes investment and voting decisions with respect to the common units held by The Topper Foundation, has no pecuniary interest in these common units. 65,395 units are held directly by Mr. Topper in his individual capacity. 637,264 common units held by MMSCC-2, LLC (Mr. Topper controls 100% of the voting shares), and 880,933 common units are held by JVT-JMG EROP Holdings, LP (Mr. Topper controls the general partner and the Trust holds a 44.91% limited partner interest). The remaining common units listed here are deemed to be beneficially owned by Mr. Topper as the trustee of the Trust (see note 2 above). Mr. Topper disclaims beneficial ownership of the common units not held by him directly except to the extent of his pecuniary interest therein, and the inclusion of these common units herein shall not be deemed an admission of beneficial ownership of all of the reported common units for purposes of Section 16 or for any other purpose. Mr. Topper and entities controlled by Mr. Topper have pledged a total of 3,540,427 common units (representing approximately 9.3% of outstanding common units) pursuant to a loan. Mr. Topper retains beneficial ownership of the pledged shares in the absence of a default. Prior to entering into the pledge, the Board granted Mr. Topper a waiver from the Insider Trading Policy’s prohibition against unit pledges by any director or officer.

(6) Mr. Reilly may be deemed to share beneficial ownership of 738,501 common units beneficially owned by the 2008 Irrevocable Agreement of Trust of John B. Reilly, Jr. (the “Reilly Trust”) in his capacity as one of two trustees of the Reilly Trust.

(7) These 6,956 units are held by Mr. Lynch’s wife and as a result, Mr. Lynch may be deemed to be the beneficial owner of such units.

(8) Of the 8,601 units held, 5,356 are directly owned and 3,245 are held by the Joseph V. Topper, Jr. Irrevocable Agreement of Trust No. 1 f/b/o Maura E. Topper.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes information about our equity compensation plans as of December 31, 2020:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders:			
Lehigh Gas Partners LP 2012 Incentive Award Plan	60,418	n/a	642,826

(1) excludes performance based awards, for which the number of units is not determinable

See Note 21 to the financial statements for a discussion of the material terms of the Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

As of February 22, 2021, the Topper Group beneficially owned or controlled 48.9% of the Partnership’s common units.

As of February 22, 2021, John B. Reilly, III owned or controlled 2.5% of the Partnership’s common units.

The following is a description of related party transactions since January 1, 2020 to which the Partnership was or is a party, in which the amount involved exceeds $120,000 and in which a director, executive officer, holder of more than 5% of our common units or any member of their immediate family had or will have a direct or indirect material interest, other than the arrangements that are described under "Item 12-Potential Payments Upon Termination or Change in Control." The terms of the transactions and agreements disclosed in this section were determined by and among related parties and, consequently, are not the result of arm's length negotiations. Such terms are not necessarily at least as favorable to the parties to these transactions and agreements as the terms that could have been obtained from unrelated third parties.

Distributions and Payments to our General Partner and Certain Related Parties

The following table summarizes the distributions and payments to be made by us to our General Partner and certain related parties in connection with the ongoing operation of our business and distributions and payments that would be made by us if we were to liquidate in accordance with the terms of our Partnership Agreement.

Operational Stage

Distributions	We will generally make cash distributions to the unitholders, including the Topper Group and Mr. Reilly and their respective affiliates. Assuming we have sufficient cash available for distribution to pay the full minimum quarterly distribution on all of our outstanding units for four quarters, the Topper Group and Mr. Reilly and their respective affiliates would receive an annual distribution of $34.1 million, collectively, on their common units. Cash distributions to the Topper Group and Mr. Reilly and their respective affiliates amounted to $39.1 million in 2020. In addition, we paid IDRs to the Topper Group amounting to $0.1 million in 2020.
Payments to our General Partner and its affiliates	The Topper Group and CrossAmerica have the right to negotiate the amount of the management fee on an annual basis, or more often as circumstances require. The Partnership incurred $38.4 million in management fees under the Topper Group Omnibus Agreement for 2020.

Liquidation Stage

Liquidation	Upon our liquidation, the partners, including our General Partner, is entitled to receive liquidating distributions according to their particular capital account balances.

Ownership of Our General Partner

Since November 19, 2019, the Topper Group has indirectly owned all of the membership interests of our General Partner.

Agreements with the Topper Group and Affiliates

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 independent conflicts committee of the Board, which is composed of the independent directors of the Board.

Pursuant to the Topper Group Omnibus Agreement, DMI 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.

We incurred expenses under the Topper Group Omnibus Agreement, including costs for store level personnel at our company operated sites since our April 2020 acquisition of retail and wholesale assets totaling $38.4 million for 2020. Amounts payable to the Topper Group related to these transactions were $3.7 million at December 31, 2020. See Note 16 to the financial statements for more information.

Management Services and Term. Pursuant to the Topper Group Omnibus Agreement, DMI provides us, or causes to be provided to us, and our General Partner with management, administrative and operating services. These services include accounting, tax, legal, internal audit, risk management and compliance, environmental compliance and remediation management oversight, treasury, information technology and other administrative functions. The Topper Group provides the Partnership and our General Partner with personnel necessary to carry out these services and any other services necessary to operate the Partnership's business as requested by the Partnership. We do not have any obligation to directly compensate the officers of our General Partner or employees of the Topper Group; however, the Partnership reimburses the Topper Group under the Topper Group Omnibus Agreement for its services to the General Partner and Partnership, as described in this section.

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.

Fees and Reimbursements. As indicated previously, we pay the Topper Group a management fee for providing services at cost without markup. Services provided by, or on behalf of, the Topper Group, not outsourced to an independent third party, include accounting; administrative; billing and invoicing; books and record keeping; budgeting, forecasting, and financial planning and analysis; management (including the management and oversight of the MLP's wholesale motor fuel distribution and real estate business consistent with past practice); operations; payroll; contract administration; maintenance of internal controls; financial reporting, including SEC reporting and compliance; office space; purchasing and materials management; risk management and administration of insurance programs; information technology (includes hardware and software existing or acquired in the future for which title is retained by the Topper Group); in-house legal; compensation, benefits and human resources administration; cash management; corporate finance, treasury credit and debt administration; employee training; and miscellaneous administration and overhead expenses. In addition, the Partnership is required to reimburse the Topper Group for certain outsourced services to be provided by the Topper Group to or on behalf of the Partnership, as set forth in the Topper Group Omnibus Agreement.

General Indemnification; Limitation of Liability. Pursuant to the Topper Group Omnibus Agreement, we are required to indemnify the Topper Group for any liabilities incurred by the Topper Group attributable to the management, administrative and operating services provided to us under the agreement, other than liabilities resulting from the Topper Group's bad faith, fraud or willful misconduct. In addition, the Topper Group is required to indemnify us for any liabilities we incur as a result of the Topper Group's bad faith, fraud or willful misconduct in providing management, administrative and operating services under the Topper Group Omnibus Agreement. Other than indemnification claims based on the Topper Group's bad faith, fraud or willful misconduct, the Topper Group's liability to us for services provided under the Topper Group Omnibus Agreement cannot exceed $5,000,000 in the aggregate.

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.

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

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.

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 affiliates of the Topper Group, 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.

We anticipate our costs under the Topper Group Omnibus Agreement will increase upon the closing of the Asset Purchase Agreement, at which time the costs of additional employees (both above store as well as store level) will begin to be allocated to the Partnership.

Lease Agreements for our Principal Executive Offices

Our principal executive offices are in Allentown, Pennsylvania. We sublease office space from the Topper Group that the Topper Group leases from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of our Board, as approved by the independent conflicts committee of the Board. Rent expense amounted to $1.1 million for 2020.

Agreements with DMS

DMS is an entity affiliated with the family of Mr. Topper.

DMS was an operator of convenience stores that purchased a significant portion of its motor fuel requirements from us on a wholesale basis. Motor fuel was sold to DMS at our cost plus a fixed mark-up per gallon. DMS also leased certain retail site real estate from us in accordance with a master lease agreement. See Note 5 to the financial statements for information regarding the termination of the master fuel supply and lease agreements with DMS in connection with the acquisition of wholesale and retail assets.

Revenues from fuel sales and rental income from DMS for 2020 were as follows (in thousands):

Revenues from motor fuel sales to DMS	$	27,127
Rental income from DMS		1,395

Maintenance and Environmental Costs

Certain maintenance and environmental monitoring and remediation activities are undertaken by Synergy Environmental, Inc., an entity affiliated with Mr. Topper, as approved by the conflicts committee of the Board. We incurred charges with this related party of $0.6 million for 2020. Accounts payable to this related party amounted to $0.1 million at December 31, 2020.

Environmental Compliance and Inventory Management Costs

We use certain environmental monitoring and inventory management equipment and services provided by an entity affiliated with the Topper Group, as approved by the independent conflicts committee of the Board. We incurred charges with this related party of $0.2 million for 2020.

Convenience Store Products

We purchase certain convenience store products from an affiliate of John B. Reilly, III and Joseph V. Topper, Jr., members of the Board, as approved by the independent conflicts committee of the Board in connection with the April 2020 acquisition of retail and wholesale assets. Merchandise costs amounted to $14.4 million for 2020. Amounts payable to this related party amounted to $1.5 million at December 31, 2020.

Vehicle Lease

In connection with the services rendered under the Topper Group Omnibus Agreement, we lease certain vehicles from an entity affiliated with Joseph V. Topper, Jr., a member of the Board, as approved by the independent conflicts committee of the Board. Lease expense payable to this related party was $0.1 million for 2020.

Other Related Party Transactions

Revenues from TopStar, an entity affiliated with Joseph V. Topper, Jr., were $21.0 million for 2020. As discussed in Note 5 to the financial statements, effective April 14, 2020, we acquired wholesale fuel supply rights, including this supply contract, as part of the acquisition of retail and wholesale assets. Prior to April 14, 2020, we only leased motor fuel stations to TopStar.

The Partnership leases certain motor fuel stations from the Topper Group under cancelable operating leases. Rent expense under these agreements, including rent paid under the leases entered into in connection with the acquisition of retail and wholesale assets as further discussed in Note 5 to the financial statements, was $6.6 million for 2020.

Review, Approval and Ratification of Related Person Transactions

The Board has adopted a Code of Ethics and Business Conduct that provides that the Board or its authorized committee will periodically review all related person transactions that are required to be disclosed under SEC rules and, when appropriate, initially authorize or ratify all such transactions. In the event that the Board or its authorized committee considers ratification of a related person transaction and determines not to so ratify, the Code of Ethics and Business Conduct provides that our management will make all reasonable efforts to cancel or annul the transaction.

The Code of Ethics and Business Conduct provides that, in determining whether or not to recommend the initial approval or ratification of a related person transaction, the Board or its authorized committee should consider all of the relevant facts and circumstances available, including (if applicable) but not limited to: (i) whether there is an appropriate business justification for the transaction; (ii) the benefits that accrue to us as a result of the transaction; (iii) the terms available to unrelated third parties entering into similar transactions; (iv) the impact of the transaction on a director's independence (in the event the related person is a director, an immediate family member of a director or an entity in which a director or an immediately family member of a director is a partner, shareholder, member or executive officer); (v) the availability of other sources for comparable products or services; (vi) whether it is a single transaction or a series of ongoing, related transactions; and (vii) whether entering into the transaction would be consistent with the Code of Ethics and Business Conduct.

Director Independence

For a discussion of the independence of the Board, please see "Item 10. Directors, Executive Officers and Corporate Governance Management."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The audit committee of the board of directors of our General Partner selected Grant Thornton LLP, or Grant Thornton, an independent registered public accounting firm, to audit our consolidated financial statements for 2020. The audit committee's charter requires the audit committee to approve in advance all audit and non-audit services to be provided by our independent registered public accounting firm. All services reported in the audit, audit-related, tax and all other fees categories below with respect to this 2020 Annual Report on Form 10-K were approved by the audit committee.

The following table summarizes the aggregate Grant Thornton fees that were allocated to us for independent auditing, tax and related services for each of the last two fiscal years (in thousands):

	Year Ended December 31,	
	2020	2019
Audit fees (1)	$ 1,234	$ 1,191
Audit-related fees (2)	—	—
Tax fees (3)	—	—
All other fees (4)	—	—
Total	$ 1,234	$ 1,191

(1) Audit fees represent amounts billed for each of the years presented for professional services rendered in connection with those services normally provided in connection with statutory and regulatory filings or engagements including comfort letters, consents and other services related to SEC matters.
(2) Audit-related fees represent amounts billed in each of the years presented for assurance and related services that are reasonably related to the performance of the annual audit or quarterly reviews.
(3) Tax fees represent amounts billed in each of the years presented for professional services rendered in connection with tax compliance, tax advice and tax planning.
(4) All other fees represent amounts billed in each of the years presented for services not classifiable under the other categories listed in the table above.

Audit Committee Approval of Audit and Non-audit Services

The audit committee of the board of directors of our General Partner has adopted a pre-approval policy with respect to services which may be performed by Grant Thornton. This policy lists specific audit-related services as well as any other services that Grant Thornton is authorized to perform and sets out specific dollar limits for each specific service, which may not be exceeded without additional audit committee authorization. The audit committee reviews the policy at least annually in order to approve services and limits for the current year. Any service that is not clearly enumerated in the policy must receive specific pre-approval by the audit committee prior to engagement.

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:

	PAGE
Report of Independent Registered Public Accounting Firm	64
Consolidated Balance Sheets as of December 31, 2020 and December 31, 2019	67
Consolidated Statements of Income for the Years Ended December 31, 2020, 2019 and 2018	68
Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018	69
Consolidated Statements of Equity and Comprehensive Income for the Years Ended December 31, 2020, 2019 and 2018	70
Notes to Consolidated Financial Statements	71

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:

Exhibit No.	Description
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	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)
3.5	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)
3.6	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)
3.7	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)
4.1	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)
10.1	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)
10.2	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)
10.3	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)
10.4	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)
10.5	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)
10.6	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)
10.7	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)
10.8	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)
10.9	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)
10.10	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)

Exhibit No.	Description
10.11	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)
10.12	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)
10.13	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)
10.14	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)
10.15	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)
10.16	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)
10.17	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)
10.18	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).
10.19	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)
10.20	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)
10.21	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) **+
10.22	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) +
10.23	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)
10.24	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) **+
10.25	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)

Exhibit No.	Description
10.26	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)
10.27	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)
10.28	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)
10.29	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
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 *	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH *	Inline XBRL Taxonomy Extension Schema Document
101.CAL *	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB *	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE *	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF *	Inline XBRL Taxonomy Extension Definition Linkbase Document
104 *	Cover Page Interactive Data File, formatted in Inline XBRL and contained in Exhibit 101

* 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.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

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: March 1, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 1, 2021.

Signature	Title
/s/ Joseph V. Topper, Jr. Joseph V. Topper, Jr.	Chairman of the Board of Directors
/s/ John B. Reilly, III John B. Reilly, III	Vice Chairman of the Board of Directors
/s/ Charles M. Nifong, Jr. Charles M. Nifong, Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Eric M. Javidi Eric M. Javidi	Chief Financial Officer (Principal Financial Officer)
/s/ Jonathan E. Benfield Jonathan E. Benfield	Chief Accounting Officer (Principal Accounting Officer)
/s/ Keenan D. Lynch Keenan D. Lynch	General Counsel, Corporate Secretary and Director
/s/ Justin A. Gannon Justin A. Gannon	Director
/s/ Mickey Kim Mickey Kim	Director
/s/ Maura Topper Maura Topper	Director
/s/ Kenneth G. Valosky Kenneth G. Valosky	Director