

Silvercrest Asset Management Group Inc.
Form 10-Q
November 12, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED September 30, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number: 001-35733

Silvercrest Asset Management Group Inc.

(Exact name of registrant as specified in its charter)

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

of incorporation) Identification No.)

1330 Avenue of the Americas, 38th Floor

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New York, New York 10019

(Address of principal executive offices and zip code)

(212) 649-0600

(Registrant's telephone number, including area code)

Not Applicable

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of outstanding shares of the registrant's Class A common stock, par value \$0.01 per share, and Class B common stock, par value \$0.01 per share, as of November 11, 2014 were 7,658,010 and 4,570,413, respectively.

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Except where the context requires otherwise and as otherwise set forth herein, in this report, references to the “Company”, “we”, “us” or “our” refer to Silvercrest Asset Management Group Inc. (“Silvercrest”) and its consolidated subsidiaries, including Silvercrest L.P. (“Silvercrest L.P.” or “SLP”). SLP’s existing limited partners are referred to in this report as “principals”. On June 26, 2013, Silvercrest completed its corporate reorganization, and on July 2, 2013, Silvercrest closed its initial public offering. Prior to that date, Silvercrest was a private company. The reorganization and initial public offering are described in the notes to our Condensed Consolidated Financial Statements included in Part I of this Form 10-Q.

Forward-Looking Statements

This report contains, and from time to time our management may make, forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as “may”, “might”, “will”, “should”, “expects”, “intends”, “p”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue”, the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions, may include projections of our future financial performance, future expenses, anticipated growth strategies, descriptions of new business initiatives and anticipated trends in our business or financial results. These statements are only predictions based on our current expectations and projections about future events. Among the important factors that could cause actual results, level of activity, performance or achievements to differ materially from those indicated by such forward-looking statements are: fluctuations in quarterly and annual results, adverse economic or market conditions, incurrence of net losses, adverse effects of management focusing on implementation of a growth strategy, failure to develop and maintain the Silvercrest brand and other factors disclosed under “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2013 which is accessible on the SEC’s website at www.sec.gov. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Factors that may cause our actual results to differ materially from our forward-looking statements include, but are not limited to:

- our anticipated future results of operations;
- our potential operating performance and efficiency and any related reputational harm or negative perceptions in the market;
- our expectations with respect to future levels of assets under management, inflows and outflows;
- our financing plans, issuance of debt or senior equity securities, cash needs and liquidity position;
- our intention to pay dividends and our expectations about the amount of those dividends;
- our expected levels of compensation of our employees and our expected ability to hire and retain qualified investment professionals;
- our expectations with respect to future expenses and the level of future expenses;
- our expected tax rate, and our expectations with respect to deferred tax assets;
- our estimates of future amounts payable pursuant to our tax receivable agreements and the contingent value rights we have issued;
- our ability to retain clients from whom we derive a substantial portion of our assets under management;
- our ability to maintain our fee structure;
- our particular choices with regard to investment strategies employed;
- our ability to handle market volatility and risk in any and all markets to which we have exposure;
- the cost of complying with current and future regulation, coupled with the cost of defending ourselves from related investigations or litigation;
-

failure of our operational safeguards against breaches in data security, privacy, conflicts of interest or employee misconduct;

- our ability to compete in an intensely competitive industry; and
- our reliance on prime brokers, custodians, administrators and other agents.

Part I – Financial Information

Item 1. Financial Statements

Silvercrest Asset Management Group Inc.

Condensed Consolidated Statements of Financial Condition

(Unaudited)

(In thousands, except share and par value data)

	September 30, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$ 27,943	\$ 27,122
Restricted certificates of deposit and escrow	586	1,021
Investments	100	103
Receivables, net	5,081	5,405
Due from Silvercrest Funds	2,926	2,653
Furniture, equipment and leasehold improvements, net	2,161	1,913
Goodwill	20,008	20,031
Intangible assets, net	11,510	12,589
Deferred tax asset—tax receivable agreement	23,815	25,022
Prepaid expenses and other assets	2,377	4,868
Total assets	\$ 96,507	\$ 100,727
Liabilities and Stockholders' Equity		
Accounts payable and accrued expenses	\$ 2,096	\$ 6,587
Accrued compensation	15,572	17,424
Notes payable	8,127	8,303
Borrowings under revolving credit facility	3,000	3,000
Deferred rent	1,422	1,742
Deferred tax and other liabilities	16,436	15,506
Total liabilities	46,653	52,562
Commitments and Contingencies (Note 10)		
Stockholders' Equity		
Preferred Stock, par value \$0.01, 10,000,000 shares authorized; none issued and outstanding, as of September 30, 2014 and December 31, 2013	—	—
Class A common stock, par value \$0.01, 50,000,000 shares authorized; 7,658,010 and 7,522,974 issued and outstanding, as of September 30, 2014 and December 31, 2013, respectively	77	75

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Class B common stock, par value \$0.01, 25,000,000 shares authorized; 4,570,413 and 4,464,617 issued and outstanding, as of September 30, 2014 and December 31, 2013, respectively	46	45
Additional Paid-In Capital	39,137	39,003