

SUN COMMUNITIES INC  
Form 10-Q  
April 30, 2014

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

FORM 10-Q

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

For the quarterly period ended March 31, 2014.

or

TRANSITION PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-12616

SUN COMMUNITIES, INC.  
(Exact Name of Registrant as Specified in its Charter)

Maryland  
(State of Incorporation)

38-2730780  
(I.R.S. Employer Identification No.)

27777 Franklin Rd.  
Suite 200  
Southfield, Michigan  
(Address of Principal Executive Offices)

48034  
(Zip Code)

(248) 208-2500  
(Registrant's telephone number, including area code)

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. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

Number of shares of Common Stock, \$0.01 par value per share, outstanding as of March 31, 2014: 40,394,411

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## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## SUN COMMUNITIES, INC.

## CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share amounts)

	(unaudited) March 31, 2014	December 31, 2013
<b>ASSETS</b>		
Investment property, net (including \$56,427 and \$56,805 for consolidated variable interest entities at March 31, 2014 and December 31, 2013; see Note 8)	\$1,864,074	\$1,755,052
Cash and cash equivalents	9,305	4,753
Inventory of manufactured homes	6,541	5,810
Notes and other receivables, net	162,306	164,685
Other assets	66,006	68,936
<b>TOTAL ASSETS</b>	<b>\$2,108,232</b>	<b>\$1,999,236</b>
<b>LIABILITIES</b>		
Debt (including \$45,024 and \$45,209 for consolidated variable interest entities at March 31, 2014 and December 31, 2013; see Note 8)	\$1,408,393	\$1,311,437
Lines of credit	16,441	181,383
Other liabilities	117,618	109,342
<b>TOTAL LIABILITIES</b>	<b>1,542,452</b>	<b>1,602,162</b>
<b>Commitments and contingencies</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$0.01 par value. Authorized: 10,000 shares; Issued and outstanding: 3,400 shares at March 31, 2014 and December 31, 2013	34	34
Common stock, \$0.01 par value. Authorized: 90,000 shares; Issued and outstanding: 40,394 shares at March 31, 2014 and 36,140 shares at December 31, 2013	404	361
Additional paid-in capital	1,329,678	1,141,590
Accumulated other comprehensive loss	(277	) (366 )
Distributions in excess of accumulated earnings	(778,766	) (761,112 )
Total Sun Communities, Inc. stockholders' equity	551,073	380,507
<b>Noncontrolling interests:</b>		
Series A-1 preferred OP units	44,991	45,548
Series A-3 preferred OP units	3,463	3,463
Common OP units	(33,358	) (31,907 )
Consolidated variable interest entities	(389	) (537 )
Total noncontrolling interests	14,707	16,567
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>565,780</b>	<b>397,074</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$2,108,232</b>	<b>\$1,999,236</b>

See accompanying Notes to Consolidated Financial Statements.



SUN COMMUNITIES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited - dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2014	2013
<b>REVENUES</b>		
Income from real property	\$87,497	\$79,065
Revenue from home sales	10,123	12,856
Rental home revenue	9,402	7,361
Ancillary revenues, net	518	472
Interest	3,354	2,963
Brokerage commissions and other income, net	287	196
Total revenues	111,181	102,913
<b>COSTS AND EXPENSES</b>		
Property operating and maintenance	23,189	19,946
Real estate taxes	6,009	5,756
Cost of home sales	7,848	9,816
Rental home operating and maintenance	5,251	4,263
General and administrative - real property	7,813	6,790
General and administrative - home sales and rentals	2,499	2,435
Acquisition related costs	760	1,042
Depreciation and amortization	28,889	25,262
Interest	17,590	18,864
Interest on mandatorily redeemable debt	803	809
Total expenses	100,651	94,983
Income before income taxes and distributions from affiliate	10,530	7,930
Provision for state income taxes	(69	) (59
Distributions from affiliate	400	400
Net income	10,861	8,271
Less: Preferred return to Series A-1 preferred OP units	672	573
Less: Preferred return to Series A-3 preferred OP units	45	30
Less: Amounts attributable to noncontrolling interests	784	410
Net income attributable to Sun Communities, Inc.	9,360	7,258
Less: Series A preferred stock distributions	1,514	1,514
Net income attributable to Sun Communities, Inc. common stockholders	\$7,846	\$5,744
Weighted average common shares outstanding:		
Basic	37,140	30,774
Diluted	37,154	30,789
Earnings per share:		
Basic	\$0.21	\$0.19
Diluted	\$0.21	\$0.19
Distributions per common share:	\$0.65	