

SUN COMMUNITIES INC
Form 10-Q
July 26, 2018

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 June 30, 2018.

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

27777 Franklin Rd.
Suite 200
Southfield, Michigan 48034
(Address of Principal Executive Offices) (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, a smaller reporting company or an emerging growth company. (Check one):

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

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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 to Section 13(a) of the Exchange Act.

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

Number of shares of Common Stock, \$0.01 par value per share, outstanding as of July 19, 2018: 81,081,896

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PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands, except per share amounts)

	(unaudited) June 30, 2018	December 31, 2017
ASSETS		
Land	\$ 1,131,956	\$ 1,107,838
Land improvements and buildings	5,484,388	5,102,014
Rental homes and improvements	551,840	528,074
Furniture, fixtures and equipment	162,961	144,953
Investment property	7,331,145	6,882,879
Accumulated depreciation	(1,337,567)	(1,237,525)
Investment property, net (including \$307,397 and \$50,193 for consolidated variable interest entities at June 30, 2018 and December 31, 2017; see Note 8)	5,993,578	5,645,354
Cash and cash equivalents	20,046	10,127
Inventory of manufactured homes	38,298	30,430
Notes and other receivables, net	176,755	163,496
Collateralized receivables, net	117,314	128,246
Other assets, net (including \$6,844 and \$1,659 for consolidated variable interest entities at June 30, 2018 and December 31, 2017; see Note 8)	146,357	134,304
TOTAL ASSETS	\$6,492,348	\$ 6,111,957
LIABILITIES		
Mortgage loans payable (including \$44,561 and \$41,970 for consolidated variable interest entities at June 30, 2018 and December 31, 2017; see Note 8)	\$2,636,847	\$ 2,867,356
Secured borrowings on collateralized receivables	118,242	129,182
Preferred Equity - Sun NG RV Resorts LLC - mandatorily redeemable (fully attributable to consolidated variable interest entities at June 30, 2018; See Note 8)	35,277	—
Preferred OP units - mandatorily redeemable	37,338	41,443
Lines of credit	536,377	41,257
Distributions payable	59,364	55,225
Advanced reservation deposits and rent	161,192	132,205
Other liabilities (including \$16,957 and \$1,468 for consolidated variable interest entities at June 30, 2018 and December 31, 2017; see Note 8)	151,984	138,536
TOTAL LIABILITIES	3,736,621	3,405,204
Commitments and contingencies	—	—
Series A-4 preferred stock, \$0.01 par value. Issued and outstanding: 1,063 shares at June 30, 2018 and 1,085 shares at December 31, 2017	31,739	32,414
Series A-4 preferred OP units	10,137	10,652
Equity Interests - NG Sun LLC (fully attributable to consolidated variable interest entities at June 30, 2018; See Note 8)	21,869	—
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value. Authorized: 180,000 shares; Issued and outstanding: 80,891 shares at June 30, 2018 and 79,679 shares at December 31, 2017	809	797
Additional paid-in capital	3,854,057	3,758,533
Accumulated other comprehensive (loss) / income	(2,184)	1,102
Distributions in excess of accumulated earnings	(1,223,394)	(1,162,001)

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Total Sun Communities, Inc. stockholders' equity	2,629,288	2,598,431
Noncontrolling interests		
Common and preferred OP units	56,820	60,971
Consolidated variable interest entities	5,874	4,285
Total noncontrolling interests	62,694	65,256
TOTAL STOCKHOLDERS' EQUITY	2,691,982	2,663,687
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$6,492,348	\$6,111,957
See accompanying Notes to Consolidated Financial Statements.		

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SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited - dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
REVENUES				
Income from real property	\$ 198,670	\$ 179,461	\$ 395,881	\$ 362,515
Revenue from home sales	41,217	30,859	76,117	58,122
Rental home revenue	13,348	12,678	26,368	25,017
Ancillary revenues	12,031	8,850	18,599	15,069
Interest	5,277	5,043	10,593	9,689
Brokerage commissions and other revenues, net	883	1,008	1,784	1,887
Total revenues	271,426	237,899	529,342	472,299
EXPENSES				
Property operating and maintenance	58,691	53,446	110,321	100,612
Real estate taxes	14,076	13,126	27,912	26,269
Cost of home sales	30,932	22,022	57,503	42,905
Rental home operating and maintenance	5,268	4,944		