

SUN COMMUNITIES INC
Form 10-Q
May 08, 2009
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, 2009.

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)

27777 Franklin Rd.

Suite 200

Southfield, Michigan

(Address of Principal Executive Offices)

38-2730780

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

48034

(Zip Code)

(248) 208-2500

(Registrant's telephone number, including area code)

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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 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

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 March 31, 2009: 18,619,612

SUN COMMUNITIES, INC.

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SUN COMMUNITIES, INC.

CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2009 AND DECEMBER 31, 2008

(In thousands, except per share amounts)

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Investment property, net	\$ 1,084,128	\$ 1,089,304
Cash and cash equivalents	6,588	6,162
Inventory of manufactured homes	9,674	13,058
Investment in affiliates	3,799	3,772
Notes and other receivables	60,088	57,481
Other assets	33,250	37,152
Assets of discontinued operations	68	70
TOTAL ASSETS	\$ 1,197,595	\$ 1,206,999
LIABILITIES		
Debt	\$ 1,141,911	\$ 1,139,152
Lines of credit	88,447	90,419
Other liabilities	35,904	37,240
Liabilities of discontinued operations	78	70
TOTAL LIABILITIES	\$ 1,266,340	\$ 1,266,881
Commitments and contingencies		
STOCKHOLDERS' DEFICIT		
Preferred stock, \$.01 par value, 10,000 shares authorized, none issued	\$ —	\$ —
Common stock, \$.01 par value, 90,000 shares authorized (March 31, 2009 and December 31, 2008, 20,421 and 20,313 shares issued respectively)	204	203
Additional paid-in capital	460,164	459,847
Officer's notes	(5,427)) (8,334)
Accumulated other comprehensive loss	(2,855)) (2,851)
Distributions in excess of accumulated earnings	(455,957)) (445,147)
Treasury stock, at cost (March 31, 2009 and December 31, 2008, 1,802 shares)	(63,600)) (63,600)
Total Sun Communities, Inc. stockholders' deficit	(67,471)) (59,882)
Noncontrolling interest	(1,274)) —
TOTAL STOCKHOLDERS' DEFICIT	(68,745)) (59,882)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 1,197,595	\$ 1,206,999

The accompanying notes are an integral part of the consolidated financial statements

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SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended	
	March 31,	
	2009	2008
REVENUES		
Income from real property	\$ 50,999	\$ 50,349
Revenue from home sales	7,461	7,503
Rental home revenue	5,200	4,996
Ancillary revenues, net	195	226
Interest	1,272	805
Other income	157	871
Total revenues	65,284	64,750
COSTS AND EXPENSES		
Property operating and maintenance	12,605	12,074
Real estate taxes	4,184	4,169
Cost of home sales	5,423	5,839
Rental home operating and maintenance	4,537	3,466
General and administrative - real property	4,166	4,158
General and administrative - home sales and rentals	1,826	1,612
Depreciation and amortization	16,204	15,861
Interest	14,245	15,380
Interest on mandatorily redeemable debt	835	844
Total expenses	64,025	63,403
Income before income taxes and net equity income (loss) from affiliates	1,259	1,347
Benefit (provision) for state income taxes	(133)) 235
Income (loss) from affiliates, net	27	(4,830)
Income (loss) from continuing operations	1,153	(3,248)
Loss from discontinued operations	(172)) (241)
Net income (loss)	981	(3,489)
Less: Net income (loss) attributable to noncontrolling interest	104	(394)
Net income (loss) attributable to Sun Communities, Inc.	\$ 877	\$ (3,095)
Weighted average common shares outstanding:		
Basic	18,511	18,077
Diluted	20,698	18,077
Basic and diluted income (loss) per share:		
Continuing operations	\$ 0.06	\$ (0.16)
Discontinued operations	(0.01)) (0.01)

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Basic and diluted earnings (loss) per share	\$ 0.05	\$ (0.17)
Cash dividends per common share:	\$ 0.63	\$ 0.63

The accompanying notes are an integral part of the consolidated financial statements

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS, CONTINUED

FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(In thousands)

(Unaudited)

	Three Months Ended	
	March 31,	
	2009	2008
Amounts attributable to Sun Communities, Inc. common stockholders:		
Income (loss) from continuing operations, net of state income taxes	\$ 1,031	\$ (2,881)
Loss from discontinued operations, net of state income taxes	(154)	(214)
Net income (loss) attributable to Sun Communities, Inc.	\$ 877	\$ (3,095)

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(In thousands)

(Unaudited)

	Three Months Ended	
	March 31,	
	2009	2008
Net income (loss)	\$981	\$(3,489)
Unrealized loss on interest rate swaps	(4)	(1,416)
Total comprehensive income (loss)	977	(4,905)
Less: Comprehensive income (loss) attributable to the noncontrolling interest	104	(554)
Comprehensive income (loss) attributable to Sun Communities, Inc.	\$873	\$(4,351)

SUN COMMUNITIES, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT

FOR THE THREE MONTHS ENDED MARCH 31, 2009

(In thousands, except per share amounts)

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(Unaudited)

	Common stock	Additional paid-in capital	Officer's notes	Accumulated other comprehensive loss	Distributions in excess of earnings	Treasury stock	Total Sun Communities deficit	Non controlling interest	Total stockholders' deficit
Balance as of December 31, 2008	\$ 203	\$ 459,847	\$ (8,334)	\$ (2,851)	\$ (445,147)	\$ (63,600)	\$ (59,882)	\$ —	\$ (59,882)
Cancellation of common stock, net	1	(132)	—	—	—	—	(131)	—	(131)
Stock-based compensation - amortization and forfeitures	—	449	—	—	(25)	—	424	—	424
Repayment of officer's notes	—	—	2,907	—	—	—	2,907	—	2,907
Net income	—	—	—	—	877	—	877	—	877
Unrealized loss on interest rate swaps	—	—	—	(4)	—	—	(4)	—	(4)
Noncontrolling interest distribution	—	—	—	—	—	—	—	(1,378)	(1,378)
Net income attributable to noncontrolling interest	—	—	—	—	—	—	—	104	104
Cash distributions declared of \$0.63 per share	—	—	—	—	(11,662)	—	(11,662)	—	(11,662)
Balance as of March 31, 2009	\$ 204	\$ 460,164	\$ (5,427)						