

UMH PROPERTIES, INC.
Form 10-Q
November 08, 2016

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 September 30, 2016

☐ 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 001-12690

UMH PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland 22-1890929
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) identification number)

Juniper Business Plaza, 3499 Route 9 North, Suite 3-C, Freehold, NJ 07728
(Address of Principal Executive Offices) (Zip Code)

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Registrant's telephone number, including area code (732) 577-9997

(Former 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 ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each issuer's class of common stock, as of the latest practicable date:

Class	Outstanding Common Shares as of November 1, 2016
Common Stock, \$.10 par value per share	28,669,306

UMH PROPERTIES, INC. AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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PART I - FINANCIAL INFORMATION**Item 1. Financial Statements****UMH PROPERTIES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****AS OF SEPTEMBER 30, 2016 AND DECEMBER 31, 2015**

	September 30, 2016 (Unaudited)	December 31, 2015
- ASSETS -		
Investment Property and Equipment		
Land	\$46,246,314	\$45,477,814
Site and Land Improvements	390,804,574	377,215,400
Buildings and Improvements	20,780,644	20,307,097
Rental Homes and Accessories	164,755,859	134,708,763
Total Investment Property	622,587,391	577,709,074
Equipment and Vehicles	14,700,145	13,697,460
Total Investment Property and Equipment	637,287,536	591,406,534
Accumulated Depreciation	(134,409,243)	(117,761,146)
Net Investment Property and Equipment	502,878,293	473,645,388
Other Assets		
Cash and Cash Equivalents	3,709,897	6,535,897
Securities Available for Sale at Fair Value	111,046,262	75,011,260
Inventory of Manufactured Homes	16,335,779	14,311,410
Notes and Other Receivables, net	20,921,062	20,028,574
Prepaid Expenses and Other Assets	4,938,001	4,062,813
Land Development Costs	9,206,996	6,722,048
Total Other Assets	166,157,997	126,672,002
TOTAL ASSETS	\$669,036,290	\$600,317,390

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS – CONTINUED****AS OF SEPTEMBER 30, 2016 AND DECEMBER 31, 2015**

	September 30, 2016 (Unaudited)	December 31, 2015
- LIABILITIES AND SHAREHOLDERS' EQUITY -		
LIABILITIES:		
Mortgages Payable, net of unamortized debt issuance costs	\$ 285,020,565	\$ 283,049,802
Other Liabilities:		
Accounts Payable	3,793,716	2,816,290
Loans Payable, net of unamortized debt issuance costs	56,579,336	57,862,206
Accrued Liabilities and Deposits	5,522,991	6,696,577
Tenant Security Deposits	4,209,052	3,654,090
Total Other Liabilities	70,105,095	71,029,163
Total Liabilities	355,125,660	354,078,965
Commitments and Contingencies		
Shareholders' Equity:		
Series A – 8.25% Cumulative Redeemable Preferred Stock, par value \$0.10 per share; 3,663,800 shares authorized, issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	91,595,000	91,595,000
Series B – 8.0% Cumulative Redeemable Preferred Stock, par value \$0.10 per share; 4,000,000 and 2,000,000 shares authorized, 3,801,200 and 1,801,200 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	95,030,000	45,030,000
Common Stock - \$0.10 par value per share; 75,000,000 and 62,000,000 shares authorized, 28,311,039 and 27,086,838 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	2,831,104	2,708,684
Excess Stock - \$0.10 par value per share; 3,000,000 shares authorized, no shares issued or outstanding as of September 30, 2016 and December 31, 2015, respectively	-0-	-0-
Additional Paid-In Capital	104,182,247	109,629,260
Accumulated Other Comprehensive Income (Loss)	20,940,072	(2,056,726)
Accumulated Deficit	(667,793)	(667,793)
Total Shareholders' Equity	313,910,630	246,238,425
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 669,036,290	\$ 600,317,390

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)****FOR THE THREE AND NINE MONTHS ENDED****SEPTEMBER 30, 2016 AND 2015**

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
INCOME:				
Rental and Related Income	\$23,103,155	\$ 18,970,407	\$67,313,211	\$ 54,123,435
Sales of Manufactured Homes	2,251,896	2,724,592	6,756,921	5,469,093
Total Income	25,355,051	21,694,999	74,070,132	59,592,528
EXPENSES:				
Community Operating Expenses	10,719,289	9,337,742	31,993,965	27,289,770
Cost of Sales of Manufactured Homes	1,803,315	2,089,602	5,278,587	4,209,126
Selling Expenses	812,392	798,126	2,270,861	2,141,693
General and Administrative Expenses	2,293,366	1,799,181	5,933,299	5,264,839
Acquisition Costs	51,360	154,959	51,360	449,338
Depreciation Expense	5,887,667	4,786,090	17,092,676	13,465,559
Total Expenses	21,567,389	18,965,700	62,620,748	52,820,325
OTHER INCOME (EXPENSE):				
Interest Income	400,899	442,600	1,206,858	1,387,062
Dividend Income	1,755,438	1,121,274	4,834,817	3,222,928
Gain on Sales of Securities Transactions, net	884,458	47,671	1,898,836	127,419
Other Income	146,469	154,488	395,682	293,044
Interest Expense	(3,774,341)	(3,450,914)	(11,604,123)	(9,766,523)
Total Other Income (Expense)	(587,077)	(1,684,881)	(3,267,930)	(4,736,070)
Income before Gain (Loss) on Sales of Investment Property and Equipment	3,200,585	1,044,418	8,181,454	2,036,133
Gain (Loss) on Sales of Investment Property and Equipment	(572)	2,827	(23,510)	(66,389)
Net Income	3,200,013	1,047,245	8,157,944	1,969,744
Less: Preferred Dividends	(3,789,747)	(1,889,147)	(10,313,685)	(5,667,441)
Net Loss Attributable to Common Shareholders	\$(589,734)	\$ (841,902)	\$(2,155,741)	\$ (3,697,697)

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (LOSS) – CONTINUED (UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2016 AND 2015

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Basic and Diluted Income (Loss) Per Share:				
Net Income	\$0.12	\$ 0.04	\$0.30	\$ 0.08
Less: Preferred Dividends	0.14	0.07	0.38	0.22
Net Loss Attributable to Common Shareholders	\$(0.02)) \$ (0.03) \$(0.08) \$ (0.14)
Weighted Average Common Shares Outstanding:				
Basic and Diluted	27,891,370	26,388,589	27,450,747	25,600,310

See Accompanying Notes to Consolidated Financial Statements

UMH PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2016 AND 2015

	THREE MONTHS ENDED September 30, 2016		NINE MONTHS ENDED September 30, 2016		September 30, 2015	
Net Income	\$3,200,013	\$ 1,047,245	\$8,157,944	\$ 1,969,744		
Other Comprehensive Income (Loss):						
Unrealized Holding Gain (Loss) Arising During the Period	5,489,522	(2,309,066)	24,911,089	(9,034,011)		
Reclassification Adjustment for Net Gains Realized in Income	(884,458)	(47,671)	(1,898,836)	(127,419)		
Change in Fair Value of Interest Rate Swap Agreements	25,410	(38,319)	(15,455)	(110,439)		