

MAYS J W INC  
Form 10-Q  
March 07, 2013

**FORM 10-Q**

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

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

For the quarterly period ended January 31, 2013

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 1-3647

**J.W. Mays, Inc.**

(Exact name of registrant as specified in its charter)

**New York**

(State or other jurisdiction of incorporation or organization)

**11-1059070**

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

**9 Bond Street, Brooklyn, New York**

(Address of principal executive offices)

**11201-5805**

(Zip Code)

(Registrant's telephone number, including area code) 718-624-7400

Not Applicable

(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. 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

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

Edgar Filing: MAYS J W INC - Form 10-Q

Class  
Common Stock, \$1 par value

Outstanding at March 6, 2013  
2,015,780 shares

This report contains 21 pages.

-1-

---

## J. W. MAYS, INC.

## INDEX

	<b>Page No.</b>
<b>Part I - Financial Information:</b>	
<b>Item 1. Financial Statements</b>	
Condensed Consolidated Balance Sheets January 31, 2013 (unaudited) and July 31, 2012	3
Condensed Consolidated Statements of Income and Retained Earnings Six months ended January 31, 2013 and 2012 (unaudited)	4
Condensed Consolidated Statements of Comprehensive Income Six months ended January 31, 2013 and 2012 (unaudited)	5
Condensed Consolidated Statements of Cash Flows Six months ended January 31, 2013 and 2012 (unaudited)	6
Notes to Condensed Consolidated Financial Statements	7 - 12
<b>Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition</b>	13 - 16
<b>Item 3. Quantitative and Qualitative Disclosures About Market Risk</b>	16
<b>Item 4. Controls and Procedures</b>	16
<b>Part II - Other Information</b>	
Item 1A. Risk Factors	17
Item 6. Exhibits and Reports on Form 8-K	17
Signatures	18
Exhibit 31 Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
(31.1) - Chief Executive Officer	19
(31.2) - Chief Financial Officer	20
Exhibit 32 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 18 U.S.C. Section 1350	21

**Part 1 - Financial Information**  
**Item 1 - Financial Statements**

**J. W. MAYS, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	January 31 2013 (Unaudited)	July 31 2012 (Audited)
<b>ASSETS</b>		
Property and Equipment - Net (Notes 5 and 6)	\$ 43,668,052	\$ 44,259,379
<b>Current Assets:</b>		
Cash and cash equivalents (Note 4)	2,500,033	1,340,203
Marketable securities (Notes 3 and 4)	125,806	226,397
Receivables (Note 4)	470,455	276,585
Deferred income taxes	647,000	599,000
Prepaid expenses	1,155,517	1,220,333
Security deposits	408,993	217,022
Total current assets	5,307,804	3,879,540
<b>Other Assets:</b>		
Deferred charges	3,865,178	3,594,846
Less accumulated amortization	2,107,486	1,888,642
Net	1,757,692	1,706,204
Receivables (Note 4)	90,000	120,000
Security deposits	714,575	989,873
Unbilled receivables (Note 8)	2,106,735	2,214,540
Marketable securities (Notes 3 and 4)	2,575,747	2,215,209
Total other assets	7,244,749	7,245,826
<b>TOTAL ASSETS</b>	<b>\$ 56,220,605</b>	<b>\$ 55,384,745</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Long-Term Debt:</b>		
Mortgages payable (Note 5)	\$ 5,509,579	\$ 5,591,597
Note payable - related party (Note 7)	-	1,000,000
Security deposits payable	527,996	743,894
Payroll and other accrued liabilities	-	28,457
Total long-term debt	6,037,575	7,363,948
Deferred Income Taxes	3,242,000	3,282,000
<b>Current Liabilities:</b>		
Accounts payable	80,877	85,083
Payroll and other accrued liabilities	2,004,403	1,483,944
Income taxes payable	35,306	79,362
Other taxes payable	8,772	4,287
Current portion of long-term debt (Note 5)	164,407	158,662
Note payable - related party (Note 7)	1,000,000	-
Current portion of security deposits payable	408,993	217,022
Total current liabilities	3,702,758	2,028,360
<b>TOTAL LIABILITIES</b>	<b>12,982,333</b>	<b>12,674,308</b>

Edgar Filing: MAYS J W INC - Form 10-Q

<b>Shareholders' Equity:</b>		
Common stock, par value \$1 each share (shares - 5,000,000 authorized; 2,178,297 issued)	2,178,297	2,178,297
Additional paid in capital	3,346,245	3,346,245
Unrealized gain on available-for-sale securities - net of deferred taxes of \$140,000 at January 31, 2013 and \$110,000 at July 31, 2012	171,506	133,477
Retained earnings	38,830,076	38,340,270
	44,526,124	43,998,289
Less common stock held in treasury, at cost - 162,517 shares at January 31, 2013 and at July 31, 2012 (Note 11)	1,287,852	1,287,852
Total shareholders' equity	43,238,272	42,710,437
<b>Contingencies (Note 12)</b>		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 56,220,605</b>	<b>\$ 55,384,745</b>

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

	Three Months Ended January 31		Six Months Ended January 31	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
<b>Revenues</b>				
Rental income (Notes 4 and 8)	\$ 4,105,489	\$ 4,109,237	\$ 8,300,021	\$ 8,091,774
Total revenues	4,105,489	4,109,237	8,300,021	8,091,774
<b>Expenses</b>				
Real estate operating expenses	2,452,371	2,109,775	4,453,265	4,124,040
Administrative and general expenses	953,205	945,545	1,797,274	1,885,966
Depreciation and amortization (Note 6)	402,485	393,337	803,742	780,134
Loss on disposition of property and equipment	316,021		316,021	
Total expenses	4,124,082	3,448,657	7,370,302	6,790,140
Income (loss) from operations before investment income, interest expense and income taxes	(18,593)	660,580	929,719	1,301,634
Investment income and interest expense:				
Investment income (Note 3)	46,873	15,405	57,197	18,217
Interest expense (Notes 5, 7 and 10)	(110,248)	(138,240)	(224,110)	(289,929)
	(63,375)	(122,835)	(166,913)	(271,712)
Income (loss) from operations before income taxes	(81,968)	537,745	762,806	1,029,922
Income taxes provided (benefit)	(71,000)	224,000	273,000	344,000
Net income (loss)	(10,968)	313,745	489,806	685,922
Retained earnings, beginning of period	38,841,044	37,442,094	38,340,270	37,069,917
Retained earnings, end of period	\$ 38,830,076	\$ 37,755,839	\$ 38,830,076	\$ 37,755,839
Income (loss) per common share (Note 2)	\$ (.01)	\$ .16	\$ .24	\$ .34
Dividends per share	\$	\$	\$	\$
Average common shares outstanding	2,015,780	2,015,780	2,015,780	2,015,780

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended January 31		Six Months Ended January 31	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
Net income (loss)	\$ (10,968)	\$ 313,745	\$ 489,806	\$ 685,922
Other comprehensive income, net of taxes				
Unrealized gain on available-for-sale securities, net of taxes of \$21,000 and \$15,000 for the three months ended January 31, 2013 and 2012, respectively, and \$30,000 and \$10,000 for the six months ended January 31, 2013 and 2012, respectively.	24,633	29,410	38,029	16,950
Comprehensive income	\$ 13,665	\$ 343,155	\$ 527,835	\$ 702,872

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended January 31 2013 (Unaudited)	2012 (Unaudited)
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 489,806	\$ 685,922
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	803,742	780,134
Amortization of deferred charges	218,844	172,800
Realized loss on sale of marketable securities	517	14,232
Loss on disposition of property and equipment	316,021	-
Other assets - unbilled receivables	107,805	(273,171)
- deferred charges	(270,332)	(74,739)
Deferred income taxes	(118,000)	157,000
<b>Changes in:</b>		
Receivables	(163,870)	(62,267)
Income taxes refundable	-	211,589
Prepaid expenses	64,816	128,283
Accounts payable	(4,206)	(70,269)
Payroll and other accrued liabilities	492,002	434,835
Income taxes payable	(44,056)	-
Other taxes payable	4,485	2,045
Cash provided by operating activities	1,897,574	2,106,394
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(528,436)	(912,335)
Security deposits	83,327	22,565
<b>Marketable securities:</b>		
Receipts from sales or maturities	100,122	455,387
Payments for purchases	(292,557)	(695,771)
Cash (used) by investing activities	(637,544)	(1,130,154)
<b>Cash Flows From Financing Activities:</b>		
(Decrease) - security deposits	(23,927)	(47,780)
Mortgage and other debt payments	(76,273)	(2,221,428)
Cash (used) by financing activities	(100,200)	(2,269,208)
Increase (decrease) in cash and cash equivalents	1,159,830	(1,292,968)
Cash and cash equivalents at beginning of period	1,340,203	2,656,354
Cash and cash equivalents at end of period	\$ 2,500,033	\$ 1,363,386

See Notes to Condensed Consolidated Financial Statements.



**J. W. MAYS, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Accounting Records and Use of Estimates:**

The accounting records are maintained in accordance with accounting principles generally accepted in the United States of America ( GAAP ). The preparation of the Company s financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. The estimates that we make include allowance for doubtful accounts, depreciation and amortization, income tax assets and liabilities, fair value of marketable securities and revenue recognition. Estimates are based on historical experience where applicable or other assumptions that management believes are reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results may differ from those estimates under different assumptions or conditions.

The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-Q. The July 31, 2012 balance sheet was derived from audited financial statements but does not include all disclosures required by GAAP. The interim financial statements and notes thereto should be read in conjunction with the financial statements and notes included in the Company's latest Form 10-K Annual Report for the fiscal year ended July 31, 2012. In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair statement of the results for interim periods. The results of operations for the current period are not necessarily indicative of the results for the entire fiscal year ending July 31, 2013.

The computation of the annual expected effective tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected operating income for the year, projections of the proportion of income (or loss), and permanent and temporary differences. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is acquired, or as additional information is obtained. To the extent that the estimated annual effective tax rate changes during a quarter, the effect of the change on prior quarters is included in tax expense for the current quarter.

Prior to April 30, 2012, the Company historically calculated New York State and New York City taxes based on capital, as such, the taxes were considered franchise taxes and were not included when calculating deferred taxes. Currently, management expects future taxes for New York State and New York City to be calculated based on income. Due to a move from a tax based on capital to a calculation based on income, deferred tax asset, deferred tax liability, and deferred taxes on unrealized gain on available-for-sale securities includes \$157,000, \$633,000, and \$34,000, respectively, at January 31, 2013 and \$27,000 of deferred tax benefit for the six months ended January 31, 2013, related to New York State and New York City.

**2. Income Per Share of Common Stock:**

Income per share has been computed by dividing the net income for the periods by the weighted average number of shares of common stock outstanding during the periods, adjusted for the purchase of treasury stock. Shares used in computing income per share were 2,015,780 for the six months ended January 31, 2013 and January 31, 2012.

**3. Marketable Securities:**

The Company categorizes marketable securities as either trading, available-for-sale or held-to-maturity. Trading securities are carried at fair value with unrealized gains and losses included in income. Available-for-sale securities are carried at fair value measurements using quoted prices in active markets for identical assets or liabilities with unrealized gains and losses recorded as a separate component of shareholders' equity. Held-to-maturity securities are carried at amortized cost. Dividends and interest income are accrued as earned. Realized gains and losses are determined on a specific identification basis. The Company reviews marketable securities for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recovered. The Company did not classify any securities as trading during the six months ended January 31, 2013 and January 31, 2012.

The Company adopted Accounting Standards Certification (ASC) 820, *Fair Value Measurements and Disclosures* in 2011. ASC 820 establishes a fair value hierarchy that prioritizes the valuation techniques and creates the following three broad levels, with Level 1 valuation being the highest priority:

Level 1 valuation inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date (e.g., equity securities traded on the New York Stock Exchange).

Level 2 valuation inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).

Level 3 valuation inputs are unobservable (e.g., an entity's own data) and should be used to measure fair value to the extent that observable inputs are not available.

In accordance with the provisions of *Fair Value Measurements*, the following are the Company's financial assets presented at fair value at January 31, 2013 and July 31, 2012.

Description	<b>Fair value measurements at reporting date using</b>							
	January 31 2013	Quoted prices in active markets for identical assets/liabilities	Significant other observable inputs	Significant unobservable inputs	July 31 2012	Quoted prices in active markets for identical assets/liabilities	Significant other observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)		(Level 1)	(Level 2)	(Level 3)
<b>Assets:</b>								
Marketable securities -								
available-for-sale	\$ 2,575,747	\$ 2,575,747	\$	\$	\$ 2,215,209	\$ 2,215,209	\$	\$
held-to-maturity	75,606	75,606			178,176	178,176		
	\$ 2,651,353	\$ 2,651,353	\$	\$	\$ 2,393,385	\$ 2,393,385	\$	\$

## Edgar Filing: MAYS J W INC - Form 10-Q

As of January 31, 2013 and July 31, 2012, the Company's marketable securities were classified as follows:

	January 31, 2013				July 31, 2012			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>Current:</b>								
<b>Held-to-maturity:</b>								
Certificate of deposit	\$ 50,295	\$	\$	\$ 50,295	\$ 50,246	\$	\$	\$ 50,246
Corporate debt securities	75,511	95		75,606	176,151	2,025		178,176
	\$ 125,806	\$ 95	\$	\$ 125,901	\$ 226,397	\$ 2,025	\$	\$ 228,422
<b>Noncurrent:</b>								
<b>Available-for-sale:</b>								
Mutual funds	\$ 1,548,491	\$ 193,647	\$ 5,104	\$ 1,737,034	\$ 1,255,982	\$ 123,203	\$	\$ 1,379,185
Equity securities	715,750	142,425	19,462	838,713	715,750	135,813	15,539	836,024
	\$ 2,264,241	\$ 336,072	\$ 24,566	\$ 2,575,747	\$ 1,971,732	\$ 259,016	\$ 15,539	\$ 2,215,209

The Company's debt and equity securities, gross unrealized losses and fair value, aggregated by investment category and length of time that the investment securities have been in a continuous unrealized loss position, at January 31, 2013, are as follows.

	Fair Value	Less Than	More Than
		12 Months	12 Months
Equity securities	\$ 181,292	\$ 19,462	\$
Mutual funds	250,911	5,104	
Total	\$ 432,203	\$ 24,566	\$

Investment income consists of the following:

	Three Months Ended		Six Months Ended	
	January 31		January 31	
	2013	2012	2013	2012
Loss on sale of marketable securities	\$	\$ (6,030)	\$ (517)	\$ (14,232)
Interest income	2,365	2,058	4,892	8,352
Dividend income	44,508	19,377	52,822	24,097
Total	\$ 46,873	\$ 15,405	\$ 57,197	\$ 18,217

**4. Financial Instruments and Credit Risk Concentrations:**

Financial instruments that are potentially subject to concentrations of credit risk consist principally of marketable securities, cash and cash equivalents and receivables. Marketable securities and cash and cash equivalents are placed with multiple financial institutions and multiple instruments to minimize risk. No assurance can be made that such financial institutions and instruments will minimize all such risk.

The Company derives rental income from fifty tenants, of which one tenant accounted for 19.29% and another tenant accounted for 15.60% of rental income during the six months ended January 31, 2013. No other tenant accounted for more than 10% of rental income during the same period.

The Company has one irrevocable Letter of Credit totaling \$230,000 at January 31, 2013 and July 31, 2012 provided by one tenant as a security deposit.

**5. Long-Term Debt Mortgages:**

		Current		January 31, 2013		July 31, 2012	
		Annual Interest Rate	Final Payment Date	Due Within One Year	Due After One Year	Due Within One Year	Due After One Year
Fishkill, New York property	(a,b)	6.98%	2/18/15	\$ 46,658	\$ 1,563,619	\$ 45,028	\$ 1,586,896
Bond St. building, Brooklyn, NY	(b)	6.98%	2/18/15	117,749	3,945,960	113,634	4,004,701
Total				\$ 164,407	\$ 5,509,579	\$ 158,662	\$ 5,591,597

- (a) On August 19, 2004, the Company extended the then existing loan for an additional forty-two (42) months, with an option to convert the loan to a seven (7) year permanent mortgage loan. (See Note 5(b) below). The Company in February 2008 converted the loan to a seven (7) year permanent mortgage loan. The interest rate on conversion was 6.98%.
- (b) The Company, on August 19, 2004, closed a loan with a bank for a \$12,000,000 multiple draw term loan. This loan financed seventy-five (75%) percent of the cost of capital improvements for an existing lease to a tenant and capital improvements for future tenant leases at the Company's Brooklyn, New York (Bond Street building) and Fishkill, New York properties through February 2008. The loan also financed \$850,000 towards the construction of two new elevators at the Company's Brooklyn, New York property (Bond Street building). The loan consists of: a) a permanent, first mortgage loan to refinance an existing first mortgage loan affecting the Fishkill, New York property, which matured on July 1, 2004 (the First Permanent Loan) (see Note 5(a)), b) a permanent subordinate mortgage loan in the amount of \$1,870,000 (the Second Permanent Loan), and c) multiple, successively subordinate loans in the amount \$8,295,274 (Subordinate Building Loans). As of August 19, 2004, the Company refinanced the existing mortgage on the Company's Fishkill, New York property, which balance was \$1,834,726 and took down an additional \$2,820,000 for capital improvements for two tenants at the Company's Bond Street building in Brooklyn, New York. In fiscal years 2006, 2007 and 2008, the Company drew down additional amounts totaling \$916,670, on its multiple draw term loan to finance tenant improvements and brokerage commissions for the leasing of 13,026 square feet for office use at the Company's Bond Street building in Brooklyn, New York. The Company, in February 2008, converted the loan to a seven (7) year permanent mortgage loan. The interest rate on conversion was 6.98%. Since the loan has been converted to a permanent mortgage loan, the balance of the financing on this loan was for the new elevators at the Company's Bond Street building in Brooklyn, New York in the amount of \$850,000 referred to above. The \$850,000 was drawn down in fiscal 2010. The outstanding balance of the loan totaling \$5,318,490 will become due and payable on February 18, 2015.

**6. Property and Equipment at cost:**

	January 31 2013	July 31 2012
<b>Property:</b>		
Buildings and improvements	\$ 67,993,772	\$ 68,160,718
Improvements to leased property	1,478,012	1,478,012
Land	6,067,805	6,067,805
Construction in progress	288,667	72,467
	75,828,256	75,779,002
Less accumulated depreciation	32,278,902	31,620,831
Property - net	43,549,354	44,158,171
<b>Fixtures and equipment and other:</b>		
Fixtures and equipment	167,687	167,687
Other fixed assets	240,400	219,385
	408,087	387,072
Less accumulated depreciation	289,389	285,864
Fixtures and equipment and other - net	118,698	101,208
<b>Property and equipment - net</b>	<b>\$ 43,668,052</b>	<b>\$ 44,259,379</b>

**7. Note Payable:**

On December 15, 2004, the Company borrowed \$1,000,000 from a former director of the Company, who at the time was also a greater than 10% beneficial owner of the outstanding common stock of the Company. The term of the loan was for a period of three (3) years maturing on December 15, 2007 and was extended for an additional three (3) years maturing on December 15, 2010. The Company, on November 11, 2010, further extended the note for an additional three (3) years maturing on December 15, 2013, at an interest rate of 5.00% per annum. The constant quarterly payment of interest is \$12,500. The loan is unsecured. The note is prepayable in whole or in part at any time without penalty. The interest paid was \$25,000 for each of the six months ended January 31, 2013 and January 31, 2012, respectively. The lender/former director passed away on November 17, 2012.

**8. Unbilled Receivables and Rental Income:**

Unbilled receivables represent the excess of scheduled rental income recognized on a straight-line basis over rental income as it becomes receivable according to the provisions of each lease. Adjustments are made to the unbilled receivables when terms of leases are changed. For the quarter and six months ended January 31, 2013, the Company recorded a bad debt of approximately \$240,000 due to the early termination of a lease.

**9. Employees' Retirement Plan:**

The Company contributes to a union sponsored multi-employer pension plan covering its union employees. The Company contributions to the Pension Plan were \$7,892 and \$14,778 for the three and six months ended January 31, 2013, respectively, and \$10,065 and \$16,633 for the three and six months ended January 31, 2012, respectively. The Company also contributes to union sponsored health benefit plans.

The Company sponsors a noncontributory Money Purchase Plan covering substantially all of its non-union employees. Operations were charged \$94,603 and \$182,103 as contributions to the Plan for the three and six months ended January 31, 2013, respectively, and \$87,597 and \$172,508 as contributions to the Plan for the three and six months ended January 31, 2012, respectively.

**10. Cash Flow Information:**

For purposes of reporting cash flows, the Company considers cash equivalents to consist of short-term highly liquid investments with maturities of three (3) months or less, which are readily convertible into cash.

Supplemental disclosure:	Six Months Ended January 31	
	2013	2012
Interest paid, net of capitalized interest of \$4,458 (2013) and \$1,269 (2012)	\$ 224,568	\$ 302,764
Income taxes paid (refunded)	\$ 435,057	\$ (24,589)

**11. Capitalization:**

The Company is capitalized entirely through common stock with identical voting rights and rights to liquidation. Treasury stock is recorded at cost and consists of 162,517 shares at January 31, 2013 and at July 31, 2012.

**12. Contingencies:**

There are various lawsuits and claims pending against the Company. It is the opinion of management that the resolution of these matters will not have a material adverse effect on the Company's Condensed Consolidated Financial Statements.

If the Company sells, transfers, disposes of, or demolishes 25 Elm Place, Brooklyn, New York, then the Company may be liable to create a condominium unit for the loading dock. The necessity of creating the condominium unit and the cost of such condominium unit cannot be determined at this time.

**Item 2.**

**J. W. MAYS, INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS  
AND FINANCIAL CONDITION**

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our financial statements and related notes thereto contained in this report. In this discussion, the words "Company", "we", "our" and "us" refer to J.W. Mays, Inc. and its subsidiaries.

**Forward Looking Statements:**

The following can be interpreted as including forward looking statements under the Private Securities Litigation Reform Act of 1995. The words "outlook", "intend", "plans", "efforts", "anticipates", "believes", "expects" or words of similar import typically identify such statements. Various important factors that could cause actual results to differ materially from those expressed in the forward-looking statements are identified under the heading "Cautionary Statement Regarding Forward-Looking Statements" below. Our actual results may vary significantly from the results contemplated by these forward-looking statements based on a number of factors including, but not limited to, availability of labor, marketing success, competitive conditions and the change in economic conditions of the various markets we serve.

**Critical Accounting Policies and Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We believe the critical accounting policies in Note 1 to the Condensed Consolidated Financial Statements affect our more significant judgments and estimates used in the preparation of our financial statements. Actual results may differ from these estimates under different assumptions and conditions. (See Note 1 on page 7 to the Condensed Consolidated Financial Statements herein and Note 1 on pages 9 through 11 to the Consolidated Financial Statements in the Annual Report to Shareholders for the fiscal year ended July 31, 2012).

**Results of Operations:**

**Three months Ended January 31, 2013 Compared to the Three months Ended January 31, 2012:**

In the three months ended January 31, 2013, the Company reported a net loss of (\$10,968), or (\$.01) per share. In the comparable three months ended January 31, 2012, the Company reported net income of \$313,745, or \$.16 per share.

Revenues in the current three months decreased to \$4,105,489 from \$4,109,237 in the comparable 2012 three months primarily due to two office tenants vacating the Company's Jowein building in Brooklyn, New York, partially offset by one new office tenant at the Company's Nine Bond Street, Brooklyn, New York building.

Real estate operating expenses in the current three months increased to \$2,452,371 from \$2,109,775 in the comparable 2012 three months primarily due to increases in maintenance costs, real estate taxes, leasing commissions, and a bad debt expense from a retail tenant that vacated the Nine Bond street, Brooklyn, New York building, in the amount of \$240,258, partially offset by decreases in licenses and permits costs.

Administrative and general expenses in the current three months increased to \$953,205 from \$945,545 in the comparable 2012 three months primarily due to an increase in payroll costs and insurance costs, partially offset by decreases in legal and professional costs.

Depreciation and amortization expense in the current three months increased to \$402,485 from \$393,337 in the comparable 2012 three months, primarily due to improvements to the Nine Bond Street, Brooklyn, New York property.

## Edgar Filing: MAYS J W INC - Form 10-Q

The current three months had a loss on disposition of property and equipment in the amount of \$316,021. The 2012 three month period did not have this loss.

Interest expense in the current three months exceeded investment income by \$63,375 and by \$122,835 in the comparable 2012 three months. The decrease in the excess of interest expense over investment income was due primarily to scheduled repayments of debt.

### **Six months Ended January 31, 2013 Compared to the Six months Ended January 31, 2012:**

In the six months ended January 31, 2013, the Company reported net income of \$489,806, or \$.24 per share. In the comparable six months ended January 31, 2012, the Company reported net income of \$685,922, or \$.34 per share.

Revenues in the current six months increased to \$8,300,021 from \$8,091,774 in the comparable 2012 six months primarily due to a new office tenant at the Company's Nine Bond Street, Brooklyn, New York building, partially offset by two office tenants vacating the Company's Jowein building in Brooklyn, New York.

Real estate operating expenses in the current six months increased to \$4,453,265 from \$4,124,040 in the comparable 2012 six months primarily due to increases in maintenance costs, real estate taxes, leasing commissions and a bad debt expense from a retail tenant that vacated the Nine Bond Street, Brooklyn, New York building, in the amount of \$240,258, partially offset by decreases in licenses and permits costs and utility costs.

Administrative and general expenses in the current six months decreased to \$1,797,274 from \$1,885,966 in the comparable 2012 six months primarily due to decreases in legal and professional costs.

Depreciation and amortization expense in the current six months increased to \$803,742 from \$780,134 in the comparable 2012 six months, primarily due to improvements to the Nine Bond Street, Brooklyn, New York property.

The current six months had a loss on disposition of property and equipment in the amount of \$316,021. The 2012 six month period did not have this loss.

Interest expense in the current six months exceeded investment income by \$166,913 and by \$271,712 in the comparable 2012 six months. The decrease in the excess of interest expense over investment income was due primarily to scheduled repayments of debt.

### **Liquidity and Capital Resources:**

The Company has been operating as a real estate enterprise since the discontinuance of the retail department store segment of its operations on January 3, 1989.

Management considers current working capital and borrowing capabilities adequate to cover the Company's planned operating and capital requirements. The Company's cash and cash equivalents amounted to \$2,500,033 at January 31, 2013.

A tenant who occupied 56,547 square feet of office space at the Company's Jowein building in Brooklyn, New York vacated the premises in January 2013. The annual loss in rental income to the Company will be approximately \$1,357,000. The Company is utilizing brokers to actively seek tenants to occupy the space that is vacant.

A tenant who occupied 22,000 square feet of office space at the Company's Jowein building in Brooklyn, New York vacated the premises in January 2013. The annual loss in rental income to the Company will be approximately \$546,000. The Company, in January 2013, entered into a lease agreement to replace this tenant. The rental income from this lease will more than offset the rental income lost from the previous tenant. The cost of construction and brokerage commissions to the Company will be approximately \$1,100,000, which will be financed through operating funds. The project is anticipated to be completed by May 2013 at which time rent and occupancy will commence.

In January 2013, a tenant who occupies 7,401 square feet of retail space at the Company's Nine Bond Street, Brooklyn, New York property informed the Company that it will vacate the premises in February 2013. The annual loss in rental income to the Company will be approximately \$430,000. The Company expensed unbilled receivables in the amount of \$240,258 in the quarter ended January 31, 2013. The Company is utilizing brokers to actively seek tenants to occupy the space that is vacant.





In February 2013, the Company entered into a lease agreement with a tenant for 10,000 square feet for office space at the Company's Nine Bond Street, Brooklyn, New York building. The cost of construction and brokerage commissions to the Company will be approximately \$1,200,000. The Company will finance these costs through operating funds. Rent and occupancy is anticipated to commence in early 2014.

**Cash Flows From Operating Activities:**

Deferred Charges: The Company had expenditures for brokerage commissions for the six months ended January 31, 2013 in the amount of \$259,163, relating to a tenant at its Jowein building in Brooklyn, New York.

Payroll and Other Accrued Liabilities: The Company incurred \$259,163 for brokerage commissions in order to lease space at the Company's Jowein building in Brooklyn, New York.

**Cash Flows From Investing Activities:**

The Company had expenditures of \$109,098 in the six months ended January 31, 2013 for work on the elevators in the Brooklyn, New York and Jamaica, New York properties. The cost of the project will be approximately \$300,000 and is anticipated to be completed in the spring of 2013.

The Company had expenditures of \$173,688 for the six months ended January 31, 2013 for the renovation of 22,000 square feet for office space for a tenant at the Company's Jowein building in Brooklyn, New York. The cost of the project is anticipated to be approximately \$850,000.

**Cautionary Statement Regarding Forward-Looking Statements:**

This section, Management's Discussion and Analysis of Financial Condition and Results of Operations, other sections of this Report on Form 10-Q and other reports and verbal statements made by our representatives from time to time may contain forward-looking statements that are based on our assumptions, expectations and projections about us and the real estate industry. These include statements regarding our expectations about revenues, our liquidity, our expenses and our continued growth, among others. Such forward-looking statements by their nature involve a degree of risk and uncertainty. We caution that a variety of factors, including but not limited to the factors listed below, could cause business conditions and our results to differ materially from what is contained in forward-looking statements:

- changes in the rate of economic growth in the United States;
- the ability to obtain credit from financial institutions and at what costs;
- changes in the financial condition of our customers;
- changes in regulatory environment;
- lease cancellations;
- changes in our estimates of costs;
- war and/or terrorist attacks on facilities where services are or may be provided;
- outcomes of pending and future litigation;
- increasing competition by other companies;
- compliance with our loan covenants;
- recoverability of claims against our customers and others by us and claims by third parties against us; and
- changes in estimates used in our critical accounting policies.

Other factors and assumptions not identified above were also involved in the formation of these forward-looking statements and the failure of such other assumptions to be realized, as well as other factors, may also cause actual results to differ materially from those projected. Most of these factors are difficult to predict accurately and are generally beyond our control. You should consider the areas of risk described above in connection with any forward-looking statements that may be made by us.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to review any additional disclosures we make in proxy statements, Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Current Reports on Form 8-K filed with the United States Securities and Exchange Commission.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk:**

The Company uses fixed-rate debt to finance its capital requirements. These transactions do not expose the Company to market risk related to changes in interest rates. The Company does not use derivative financial instruments. At January 31, 2013, the Company had fixed-rate debt of \$6,673,986.

**Item 4. Controls and Procedures:**

The Company's management reviewed the Company's internal controls and procedures and the effectiveness of these controls. As of January 31, 2013, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in its periodic SEC filings.

There was no change in the Company's internal controls over financial reporting or in other factors during the Company's last fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

**Part II - Other Information**

Item 1A. Risk Factors

There have been no changes to our risk factors from those disclosed in our Annual Report on Form 10-K for our fiscal year ended July 31, 2012.

Item 6. Exhibits and Reports on Form 8-K

(a) List of Exhibits:

Exhibit Number	Exhibit	Sequentially Numbered Page
(3)	Articles of Incorporation and Bylaws	N/A
(10)	Material contracts	N/A
(11)	Statement re computation of per share earnings	N/A
(12)	Statement re computation of ratios	N/A
(14)	Code of ethics	N/A
(15)	Letter re unaudited interim financial information	N/A
(18)	Letter re change in accounting principles	N/A
(19)	Report furnished to security holders	N/A
(31)	Additional exhibits--Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
	(31.1) Chief Executive Officer	19
	(31.2) Chief Financial Officer	20
(32)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350	21
EX-101.INS	XBRL INSTANCE DOCUMENT	
EX-101.SCH	XBRL TAXONOMY EXTENSION SCHEMA	
EX-101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE	
EX-101.LAB	XBRL TAXONOMY EXTENSION LABEL LINKBASE	
EX-101.CAL	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE	
EX-101.DEF	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE	

(b) Reports on Form 8-K Two reports on Form 8-K were filed by the registrant during the three months ended January 31, 2013.

Items reported:

The Company reported the results of the Submission of Matters to a vote of security holders. Date of report filed - November 21, 2012.

The Company reported its financial results for the three months and year ended October 31, 2012. Date of report filed - December 6, 2012.



