

MAYS J W INC  
Form 10-Q  
December 05, 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 **October 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.

Class

Outstanding at December 4, 2013

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Common Stock, \$1 par value

2,015,780 shares

This report contains 23 pages.

## J. W. MAYS, INC.

## INDEX

|   | Page No. |
|---|----------|
| <b>Part I - Financial Information:</b>  |          |
| <b>Item 1. Financial Statements</b>   |          |
| Condensed Consolidated Balance Sheets October 31, 2013 (unaudited)<br>and July 31, 2013                                       | 3        |
| Condensed Consolidated Statements of Income and Retained Earnings<br>Three months ended October 31, 2013 and 2012 (unaudited) | 4        |
| Condensed Consolidated Statements of Comprehensive Income<br>Three months ended October 31, 2013 and 2012 (unaudited)         | 5        |
| Condensed Consolidated Statements of Cash Flows<br>Three months ended October 31, 2013 and 2012 (unaudited)                   | 6        |
| Notes to Condensed Consolidated Financial Statements  | 7 - 13   |
| <b>Item 2. Management's Discussion and Analysis of Results<br/>of Operations and Financial Condition</b>                      | 14 - 16  |
| <b>Item 3. Quantitative and Qualitative Disclosures About Market Risk</b>   | 16       |
| <b>Item 4. Controls and Procedures</b>  | 17       |
| <b>Part II - Other Information</b>  |          |
| <b>Item 1. Legal Proceedings</b>  | 18       |
| <b>Item 1A. Risk Factors</b>  | 18       |
| <b>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</b>  | 18       |
| <b>Item 3. Defaults Upon Senior Securities</b>  | 18       |
| <b>Item 4. Mine Safety Disclosures</b>  | 18       |
| <b>Item 5. Other Information</b>  | 18       |
| <b>Item 6. Exhibits and Reports on Form 8-K</b>   | 19       |
| <b>Signatures</b>   | 20       |
| <b>Exhibit 31 Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</b>                                    |          |
| (31.1) - Chief Executive Officer  | 21       |
| (31.2) - Chief Financial Officer  | 22       |
| <b>Exhibit 32 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002<br/>18 U.S.C. Section 1350</b>          | 23       |

**Part 1 - Financial Information****Item 1 - Financial Statements****J. W. MAYS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

| <b>ASSETS</b>                                | October 31<br>2013<br>(Unaudited) | July 31<br>2013<br>(Audited) |
|--|-----------------------------------|------------------------------|
| Property and Equipment - Net (Notes 5 and 6) | \$ 46,650,947                     | \$ 45,634,465                |
| <b>Current Assets:</b>                       |                                   |                              |
| Cash and cash equivalents (Note 4)           | 1,886,810                         | 664,718                      |
| Marketable securities (Notes 3 and 4)        | 50,326                            | 50,326                       |
| Receivables (Note 4)                         | 313,319                           | 309,517                      |
| Income taxes refundable                      | 325,072                           | 325,072                      |
| Deferred income taxes                        | 571,000                           | 676,000                      |
| Prepaid expenses                             | 823,805                           | 1,321,270                    |
| Security deposits                            | 16,611                            | 257,975                      |
| Total current assets                         | 3,611,545                         | 3,604,878                    |
| <b>Other Assets:</b>                         |                                   |                              |
| Deferred charges                             | 3,845,816                         | 3,806,743                    |
| Less: accumulated amortization               | 2,004,465                         | 1,920,661                    |
| Net  | 1,841,351                         | 1,886,082                    |
| Receivables (Note 4)                         | 142,439                           | 90,000                       |
| Security deposits                            | 996,452                           | 896,970                      |
| Unbilled receivables (Notes 4 and 8)         | 2,217,195                         | 2,172,269                    |
| Marketable securities (Notes 3 and 4)        | 1,269,441                         | 2,409,273                    |
| Total other assets                           | 6,466,878                         | 7,454,594                    |
| <b>TOTAL ASSETS</b>                          | <b>\$ 56,729,370</b>              | <b>\$ 56,693,937</b>         |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                                   |                              |
| <b>Long-Term Debt:</b>                       |                                   |                              |
| Mortgages payable (Note 5)                   | \$ 5,377,640                      | \$ 5,421,335                 |
| Note payable - related party (Note 7)        | 1,000,000                         | 1,000,000                    |
| Security deposits payable                    | 679,191                           | 579,709                      |
| Payroll and other accrued liabilities        | 59,683                            | 59,683                       |
| Total long-term debt                         | 7,056,831                         | 7,060,727                    |
| Deferred Income Taxes                        | 3,650,000                         | 3,684,000                    |
| <b>Current Liabilities:</b>                  |                                   |                              |
| Accounts payable                             | 84,490                            | 57,668                       |
| Payroll and other accrued liabilities        | 1,820,036                         | 2,033,923                    |
| Income taxes payable                         | 140,565                           | 140,565                      |
| Other taxes payable                          | 2,150                             | 5,118                        |
| Current portion of long-term debt (Note 5)   | 173,317                           | 170,262                      |
| Current portion of security deposits payable | 16,611                            | 257,975                      |
| Total current liabilities                    | 2,237,169                         | 2,524,946                    |
| <b>TOTAL LIABILITIES</b>                     | <b>12,944,000</b>                 | <b>13,269,673</b>            |

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|   |                      |                      |
|---|----------------------|----------------------|
| <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 \$90,000 at October 31, 2013 and \$150,000 at July 31, 2013 | 108,715              | 183,633              |
| Retained earnings   | 39,439,965           | 39,003,941           |
|   | 45,073,222           | 44,712,116           |
| Less common stock held in treasury, at cost - 162,517 shares at October 31, 2013 and at July 31, 2013 (Note 11)                         | 1,287,852            | 1,287,852            |
| Total shareholders' equity  | 43,785,370           | 43,424,264           |
| <b>Contingencies (Note 13)</b>  |                      |                      |
|   |                      |                      |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   | <b>\$ 56,729,370</b> | <b>\$ 56,693,937</b> |

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

|   | Three Months Ended  |                                   |
|---|---------------------|-----------------------------------|
|   | 2013<br>(Unaudited) | October 31<br>2012<br>(Unaudited) |
| <b>Revenues</b>   |                     |                                   |
| Rental income (Notes 4 and 8)   | \$ 4,218,764        | \$ 4,194,532                      |
| <b>Expenses</b>   |                     |                                   |
| Real estate operating expenses  | 2,151,725           | 2,000,894                         |
| Administrative and general expenses   | 918,048             | 844,069                           |
| Depreciation and amortization (Note 6)  | 418,555             | 401,257                           |
| Loss on disposition of property and equipment   | 4,291               |                                   |
| Total expenses  | 3,492,619           | 3,246,220                         |
| Income from operations before investment income,<br>interest expense and income taxes | 726,145             | 948,312                           |
| Investment income and interest expense:   |                     |                                   |
| Investment income (Note 3)  | 189,424             | 10,324                            |
| Interest expense (Notes 5, 7 and 10)  | (98,545)            | (113,862)                         |
|   | 90,879              | (103,538)                         |
| Income from operations before income taxes  | 817,024             | 844,774                           |
| Income taxes provided   | 381,000             | 344,000                           |
| Net income  | 436,024             | 500,774                           |
| Retained earnings, beginning of period  | 39,003,941          | 38,340,270                        |
| Retained earnings, end of period  | \$ 39,439,965       | \$ 38,841,044                     |
| Income per common share (Note 2)  | \$ .22              | \$ .25                            |
| Dividends per share   | \$                  | \$                                |
| Average common shares outstanding   | 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<br>October 31 |                     |
|---|----------------------------------|---------------------|
|   | 2013<br>(Unaudited)              | 2012<br>(Unaudited) |
| Net income  | \$ 436,024                       | \$ 500,774          |
| Unrealized gain on available-for-sale securities:   |                                  |                     |
| Unrealized holding gains arising during the period, net of taxes<br>of \$9,000 for each period  | 11,269                           | 13,396              |
| Reclassification adjustment for net gains included in net income, net of<br>taxes of (\$69,000) for the three months ended October 31, 2013 | (86,187)                         |                     |
| Unrealized gains (losses) on available-for-sale securities, net of taxes  | (74,918)                         | 13,396              |
| Comprehensive income  | \$ 361,106                       | \$ 514,170          |

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

|  | Three Months Ended |              |
|--|--------------------|--------------|
|  | October 31         |              |
|  | 2013               | 2012         |
|  | (Unaudited)        | (Unaudited)  |
| <b>Cash Flows From Operating Activities:</b>   |                    |              |
| Net income   | \$ 436,024         | \$ 500,774   |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                    |              |
| Depreciation and amortization  | 418,555            | 401,257      |
| Amortization of deferred charges   | 83,804             | 86,433       |
| Realized (gain) loss on sale of marketable securities                                    | (182,841)          | 517          |
| Loss on disposition of property and equipment  | 4,291              | -            |
| Deferred charges   | (39,073)           | -            |
| Other assets - unbilled receivables  | (44,926)           | (66,226)     |
| Deferred income taxes  | 131,000            | 3,000        |
| <b>Changes in:</b>   |                    |              |
| Receivables  | (56,241)           | (46,695)     |
| Income taxes refundable  | 325,072            | -            |
| Prepaid expenses   | 497,465            | 592,608      |
| Accounts payable   | 26,822             | (14,793)     |
| Payroll and other accrued liabilities  | (273,570)          | (190,709)    |
| Income taxes payable   | 140,565            | 158,698      |
| Other taxes payable  | (2,968)            | 2,652        |
| Cash provided by operating activities  | 1,463,979          | 1,427,516    |
| <b>Cash Flows From Investing Activities:</b>   |                    |              |
| Capital expenditures   | (1,439,328)        | (228,153)    |
| Security deposits  | 141,882            | (5,105)      |
| <b>Marketable securities:</b>  |                    |              |
| Receipts from sales or maturities  | 1,247,323          | 99,816       |
| Payments for purchases   | (9,242)            | (253,322)    |
| Cash (used) by investing activities  | (59,365)           | (386,764)    |
| <b>Cash Flows From Financing Activities:</b>   |                    |              |
| Increase (decrease) - security deposits  | (141,882)          | 5,104        |
| Mortgage and other debt payments   | (40,640)           | (37,793)     |
| Cash (used) by financing activities  | (182,522)          | (32,689)     |
| Increase in cash and cash equivalents  | 1,222,092          | 1,008,063    |
| Cash and cash equivalents at beginning of period   | 664,718            | 1,340,203    |
| Cash and cash equivalents at end of period   | \$ 1,886,810       | \$ 2,348,266 |

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, 2013 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, 2013. 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, 2014.

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 and future periods, projections of the proportion of income (or loss), and permanent and temporary differences. When estimating deferred taxes, management assumes New York State and City taxes will be calculated based on income versus capital franchise taxes. 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.

**Recent accounting pronouncements**

In February 2013, the Financial Accounting Standards Board ( FASB ) amended the disclosure requirements regarding the reporting of amounts reclassified out of accumulated other comprehensive income. The amendment does not change the current requirement for reporting net income or other comprehensive income, but requires additional disclosures about items reclassified out of accumulated other comprehensive income, and the income statement line items impacted by the reclassifications. We adopted this standard effective August 1, 2013 and have presented the disclosures in comparative form. Other than the additional disclosure requirements, the adoption of this standard did not have a material impact on our unaudited condensed consolidated financial statements. The effect of applying this standard is reflected in note 12.

**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 three months ended October 31, 2013 and October 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 three months ended October 31, 2013 and October 31, 2012.

GAAP established a fair value hierarchy that prioritizes the valuation techniques and created 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). Mutual funds are open ended investment funds registered with the U.S. Securities and Exchange Commission and traded at daily net asset value ("NAV").

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.

The following are the Company's financial assets presented at fair value at October 31, 2013 and July 31, 2013.

| Description             | Fair value measurements at reporting date using |  |  |              |                 |  |  |              |
|-------------------------|---|--|--|--------------|-----------------|--|--|--------------|
|                         | October 31<br>2013                              | Quoted prices<br>in active<br>markets for<br>identical<br>assets/liabilities | Significant<br>other<br>observable<br>inputs |              | July 31<br>2013 | Quoted prices<br>in active<br>markets for<br>identical<br>assets/liabilities | Significant<br>other<br>observable<br>inputs |              |
|                         |   | (Level 1)  | (Level<br>2)                                 | (Level<br>3) |                 | (Level 1)  | (Level<br>2)                                 | (Level<br>3) |
| <b>Assets:</b>          |   |  |  |              |                 |  |  |              |
| Marketable securities - |   |  |  |              |                 |  |  |              |
| available-for-sale:     |   |  |  |              |                 |  |  |              |
| Mutual funds            | \$ 767,853                                      | \$ 767,853   | \$   | \$           | \$ 1,789,914    | \$ 1,789,914   | \$   | \$           |
| Equity securities       | 501,588   | 501,588  |  |              | 619,359         | 619,359  |  |              |
|                         | \$ 1,269,441                                    | \$ 1,269,441   | \$   | \$           | \$ 2,409,273    | \$ 2,409,273   | \$   | \$           |

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

|                        | October 31, 2013 |                        |                         |              | July 31, 2013 |                        |                         |              |
|------------------------|------------------|------------------------|-------------------------|--------------|---------------|------------------------|-------------------------|--------------|
|                        | Cost             | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value   | Cost          | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value   |
| Current:               |                  |                        |                         |              |               |                        |                         |              |
| Held-to-maturity:      |                  |                        |                         |              |               |                        |                         |              |
| Certificate of deposit | \$               | \$                     | \$                      | \$           | \$ 50,326     | \$                     | \$                      | \$ 50,326    |
| Noncurrent:            |                  |                        |                         |              |               |                        |                         |              |
| Available-for-sale:    |                  |                        |                         |              |               |                        |                         |              |
| Mutual funds           | \$ 659,443       | \$ 113,172             | \$ 4,762                | \$ 767,853   | \$ 1,559,925  | \$ 242,041             | \$ 12,052               | \$ 1,789,914 |
| Equity securities      | 411,283          | 91,046                 | 741                     | 501,588      | 515,715       | 105,341                | 1,697                   | 619,359      |
|                        | \$ 1,070,726     | \$ 204,218             | \$ 5,503                | \$ 1,269,441 | \$ 2,075,640  | \$ 347,382             | \$ 13,749               | \$ 2,409,273 |

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 October 31, 2013, are as follows:

|                   | Fair Value | Less Than | More Than |
|-------------------|------------|-----------|-----------|
|                   |            | 12 Months | 12 Months |
| Equity securities | \$ 62,333  | \$ 741    | \$        |
| Mutual funds      | 259,244    |           | 4,762     |
| Total             | \$ 321,577 | \$ 741    | \$ 4,762  |

Investment income consists of the following:

|  | Three Months Ended |           |
|--|--------------------|-----------|
|  | October 31         |           |
|  | 2013               | 2012      |
| Gain (loss) on sale of marketable securities | \$ 182,841         | \$ (517)  |
| Interest income                              | 953                | 2,527     |
| Dividend income                              | 5,630              | 8,314     |
| Total  | \$ 189,424         | \$ 10,324 |

**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 forty nine tenants, of which one tenant accounted for 19.20% and another tenant accounted for 15.23% of rental income during the three months ended October 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 October 31, 2013 and July 31, 2013 provided by a tenant as a security deposit.

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

|                                 |       | Current<br>Annual<br>Interest<br>Rate | Final<br>Payment<br>Date | October 31, 2013          |                          | July 31, 2013             |                          |
|---------------------------------|-------|---------------------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
|                                 |       |                                       |                          | Due<br>Within<br>One Year | Due<br>After<br>One Year | Due<br>Within<br>One Year | Due<br>After<br>One Year |
|                                 |       |                                       |                          |                           |                          |                           |                          |
| Fishkill, New York property     | (a,b) | 6.98%                                 | 2/18/15                  | \$ 49,188                 | \$ 1,526,174             | \$ 48,320                 | \$ 1,538,575             |
| Bond St. building, Brooklyn, NY | (b)   | 6.98%                                 | 2/18/15                  | 124,129                   | 3,851,466                | 121,942                   | 3,882,760                |
| <b>Total</b>                    |       |                                       |                          | <b>\$ 173,317</b>         | <b>\$ 5,377,640</b>      | <b>\$ 170,262</b>         | <b>\$ 5,421,335</b>      |

- (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. 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 ). The Company, in February 2008, converted the loan totaling \$12,000,000 (including note 5(a) above) to a seven (7) year permanent mortgage loan. The interest rate on conversion was 6.98%. 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:**

|  | October 31<br>2013   | July 31<br>2013      |
|--|----------------------|----------------------|
| <b>Property:</b>                         |                      |                      |
| Buildings and improvements               | \$ 70,679,581        | \$ 70,513,716        |
| Improvements to leased property          | 1,478,012            | 1,478,012            |
| Land                                     | 6,067,805            | 6,067,805            |
| Construction in progress                 | 1,761,397            | 487,934              |
|  | 79,986,795           | 78,547,467           |
| Less accumulated depreciation            | 33,505,360           | 33,097,163           |
| Property - net                           | 46,481,435           | 45,450,304           |
| <b>Fixtures and equipment and other:</b> |                      |                      |
| Fixtures and equipment                   | 139,398              | 194,893              |
| Other fixed assets                       | 238,906              | 238,906              |
|  | 378,304              | 433,799              |
| Less accumulated depreciation            | 208,792              | 249,638              |
| Fixtures and equipment and other - net   | 169,512              | 184,161              |
| <b>Property and equipment - net</b>      | <b>\$ 46,650,947</b> | <b>\$ 45,634,465</b> |

Construction in progress includes:

|   | October 31<br>2013 | July 31<br>2013 |
|---|--------------------|-----------------|
| New tenant improvements at 9 Bond Street in Brooklyn, NY      | \$ 1,161,800       | \$ 487,934      |
| Building improvements at Fishkill, NY                         | 522,623            |                 |
| Existing tenant improvements at 9 Bond Street in Brooklyn, NY | 76,974             |                 |
|   | \$ 1,761,397       | \$ 487,934      |

**7. Note Payable:**

On December 15, 2004, the Company borrowed \$1,000,000 on a unsecured basis 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 loan has been repeatedly renewed to its current maturity date of December 31, 2013. The note is prepayable in whole or in part at any time without penalty. The constant quarterly payment of interest is \$12,500. The interest paid was \$12,500 for the three months ended October 31, 2013 and 2012, respectively. The Company intends to refinance the note through December 15, 2014 with the estate of the former director.

**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.

**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 \$10,600 and \$6,886 for the three months ended October 31, 2013 and 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 \$88,874 and \$87,500 as contributions to the Plan for the three months ended October 31, 2013 and 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:

|   | Three Months Ended<br>October 31 |            |
|---|----------------------------------|------------|
|   | 2013                             | 2012       |
| Interest paid, net of capitalized interest of \$13,221 (2013)<br>and \$768 (2012) | \$ 98,790                        | \$ 114,089 |
| Income taxes paid (refunded)  | \$ (215,638)                     | \$ 182,302 |

**11. Common Stock:**

The Company has one class of common stock with identical voting rights and rights to liquidation.

**12. Accumulated other comprehensive income:**

The only component of accumulated other comprehensive income is unrealized gains (losses) on available-for-sale securities.

A summary of the changes in accumulated other comprehensive income for the three months ended October 31, 2013 and 2012 is as follows:

|   | Three Months Ended<br>October 31 |                     |
|---|----------------------------------|---------------------|
|   | 2013<br>(Unaudited)              | 2012<br>(Unaudited) |
| Beginning balance, net of tax effect  | \$ 183,633                       | \$ 133,477          |
| Other comprehensive income, net of tax effect:  |                                  |                     |
| Unrealized gains on available-for-sale securities                                       | 20,269                           | 22,396              |
| Tax effect  | (9,000)                          | (9,000)             |
| Unrealized gains on available-for-sale securities,<br>net of tax effect                 | 11,269                           | 13,396              |
| Amounts reclassified from accumulated other<br>comprehensive income, net of tax effect: |                                  |                     |
| Unrealized gains on available-for-sale securities reclassified                          | (155,187)                        |                     |
| Tax effect  | 69,000                           |                     |
| Amounts reclassified, net of tax effect   | (86,187)                         |                     |
| Ending balance, net of tax effect   | \$ 108,715                       | \$ 146,873          |

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A summary of the line items in the Condensed Consolidated Statement of Income affected by the amounts reclassified from accumulated other comprehensive income is as follows:

| Details about accumulated other comprehensive income components | Affected line item in the statement where net income is presented |
|---|---|
| Other comprehensive income reclassified                         | Investment income   |
| Tax effect  | Income taxes provided   |

### 13. 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, 2013).

**Results of Operations:**

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

In the three months ended October 31, 2013, the Company reported net income of \$436,024, or \$.22 per share. In the comparable three months ended October 31, 2012, the Company reported net income of \$500,774, or \$.25 per share.

Revenues in the current three months increased to \$4,218,764 from \$4,194,532 in the comparable 2012 three months primarily due to the settlement of litigation with a retail tenant in the amount of \$181,257 at the Company's Nine Bond Street, Brooklyn, New York building, partially offset by a retail tenant who vacated the premises at the Jamaica, New York building in September 2013.

Real estate operating expenses in the current three months increased to \$2,151,725 from \$2,000,894 in the comparable 2012 three months primarily due to increases in real estate taxes, payroll costs, and a bad debt expense from a retail tenant that vacated the premises at the Company's Jamaica, New York building.

Administrative and general expenses in the current three months increased to \$918,048 from \$844,069 in the comparable 2012 three months primarily due to increases in payroll costs, medical costs and legal and professional costs.

Depreciation and amortization expense in the current three months increased to \$418,555 from \$401,257 in the comparable 2012 three months primarily due to improvements to the Nine Bond Street, Brooklyn, New York building and the Jowein building in Brooklyn, New York.



Investment income in the current three months exceeded interest expense by \$90,879, whereas in the comparable 2012 three months interest expense exceeded investment income by \$103,538. The increase in investment income over interest expense was due to a gain on sale of marketable securities and interest expense reductions effected by 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 \$1,886,810 at October 31, 2013.

In October 2013, the Company leased 99,992 square feet to a retail tenant at the Company's Fishkill property. Occupancy commenced in November 2013 and rent will commence in January 2014. The Company will incur construction costs, including a new roof, which are expected to cost approximately \$1,620,000.

The Company also renewed leases with two office tenants at the Company's Jowein building in Brooklyn, New York who occupy 8,000 and 8,300 square feet, respectively. The existing lease renewal periods were extended to June 30, 2016 and September 30, 2018, respectively.

Two of the Company's retail tenants at its Jamaica, New York building who occupy 28,335 square feet and 25,954 square feet and whose leases expired in August 2013 and September 2013, respectively, did not renew their leases. The loss in annual rental income will be \$240,000 and \$300,000, respectively. The tenant who occupied 28,335 square feet will stay as a tenant on a month to month rental until January 3, 2014 and the tenant who occupied 25,954 square feet vacated the premises in October 2013. The Company is utilizing brokers to actively seek tenants to occupy the vacated and soon to be vacated space.

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. The Company was in litigation to evict the tenant from the premises. In October 2013, the Company settled the litigation with this tenant. Under the terms of the settlement the tenant will pay all the rent due the Company and in turn the tenant will continue its occupancy under the terms of the lease agreement.

In October 2013, a tenant at the Company's Circleville, Ohio property extended their lease for a period of five years. This tenant also increased the amount of square footage occupied from 30,000 square feet to 48,000 square feet.

**Cash Flows From Operating Activities:**

Payroll and Other Accrued Liabilities: The Company had a balance due at July 31, 2013 for brokerage commissions of \$238,677 of which \$47,492 was paid in the three months ended October 31, 2013.

**Cash Flows From Investing Activities:**

The Company had expenditures of \$97,014 for the three months ended October 31, 2013, for work on the elevators in the Brooklyn, New York and Jamaica, New York buildings. The cost of the project is expected to be \$315,738 of which \$303,108 has been paid.

The Company had expenditures of \$522,623 for the three months ended October 31, 2013 for construction costs at its Fishkill, New York building. The cost of the project is approximately \$1,620,000 and is anticipated to be completed in 2013.

The Company had expenditures of \$673,866 in the three months ended October 31, 2013 for the renovation of 10,000 square feet for office space for a tenant at the Company's Nine Bond Street, Brooklyn, New York building. The cost of the project is approximately \$1,200,000 and is anticipated to be completed in December 2013.

The Company had expenditures of \$76,974 for the three months ended October 31, 2013 for renovations to an existing tenant as part of the tenant's lease agreement. The total cost of the renovations will be \$190,531 and the renovations are anticipated to be completed in December 2013.

**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 any Form 8-K reports 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 October 31, 2013, the Company had fixed-rate debt of \$6,550,957.

**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 October 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 1. Legal Proceedings**

From time to time we are involved in legal actions arising in the ordinary course of business. In our opinion, the outcome of such matters in the aggregate will not have a material effect on our financial condition, results of operations or cash flows.

**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, 2013.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

Not applicable

**Item 5. Other Information**

None

**Item 6. Exhibits and Reports on Form 8-K**

(a) List of Exhibits:

| Exhibit<br>Number | Exhibit   | Sequentially<br>Numbered<br>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  | 21                               |
|                   | (31.2) Chief Financial Officer  | 22                               |
| (32)              | Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 | 23                               |
|                   | 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 One report on Form 8-K was filed by the registrant during the three months ended October 31, 2013.

Items reported:

The Company reported its financial results for the three months and year ended July 31, 2013. Date of report filed - October 3, 2013.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

J.W. MAYS, Inc.  
(Registrant)

Date December 4, 2013

Lloyd J. Shulman  
Lloyd J. Shulman  
President  
Chief Executive Officer

Date December 4, 2013

Mark S. Greenblatt  
Mark S. Greenblatt  
Vice President  
Chief Financial Officer