

MAYS J W INC  
Form 10-Q  
June 05, 2014

**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 April 30, 2014

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 June 4, 2014

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Common Stock, \$1 par value

2,015,780 shares

This report contains 24 pages.

## J. W. MAYS, INC.

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## Part 1 - Financial Information

## Item 1 - Financial Statements

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

<b>ASSETS</b>	April 30 2014 (Unaudited)	July 31 2013 (Audited)
Property and equipment - Net (Notes 5 and 6)	\$ 46,622,517	\$ 45,634,465
<b>Current Assets:</b>		
Cash and cash equivalents (Note 4)	1,420,298	664,718
Marketable securities (Notes 3 and 4)		50,326
Receivables (Note 4)	597,601	309,517
Income taxes refundable	311,006	325,072
Deferred income taxes (Note 1)	773,000	676,000
Prepaid expenses	781,815	1,321,270
Security deposits	16,611	257,975
Total current assets	3,900,331	3,604,878
<b>Other Assets:</b>		
Deferred charges	4,095,898	3,806,743
Less: accumulated amortization	2,183,833	1,920,661
Net	1,912,065	1,886,082
Receivables (Note 4)	80,610	90,000
Security deposits	1,439,591	896,970
Unbilled receivables (Notes 4 and 8)	2,510,325	2,172,269
Marketable securities (Notes 3 and 4)	1,334,193	2,409,273
Total other assets	7,276,784	7,454,594
<b>TOTAL ASSETS</b>	<b>\$ 57,799,632</b>	<b>\$ 56,693,937</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Long-Term Debt:</b>		
Mortgages payable (Note 5)	\$ 5,225,314	\$ 5,421,335
Note payable - related party (Note 7)	1,000,000	1,000,000
Security deposits payable	745,863	579,709
Payroll and other accrued liabilities		59,683
Total long-term debt	6,971,177	7,060,727
Deferred income taxes (Note 1)	4,185,000	3,684,000
<b>Current Liabilities:</b>		
Accounts payable	134,472	57,668
Payroll and other accrued liabilities	2,280,122	2,033,923
Other taxes payable	11,435	5,118
Current portion of long-term debt (Note 5)	240,000	170,262
Current portion of security deposits payable	16,611	257,975
Total current liabilities	2,682,640	2,524,946
<b>TOTAL LIABILITIES</b>	<b>13,838,817</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 \$100,000 at April 30, 2014 and \$150,000 at July 31, 2013	122,895	183,633
Retained earnings	39,601,230	39,003,941
	45,248,667	44,712,116
Less common stock held in treasury, at cost - 162,517 shares at April 30, 2014 and at July 31, 2013 (Note 11)	1,287,852	1,287,852
Total shareholders' equity	43,960,815	43,424,264
<b>Contingencies (Note 13)</b>		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 57,799,632</b>	<b>\$ 56,693,937</b>

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	Three Months Ended April 30		Nine Months Ended April 30	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
<b>Revenues</b>				
Rental income (Notes 4 and 8)	\$ 4,268,129	\$ 3,704,426	\$ 12,626,482	\$ 12,004,447
<b>Expenses</b>				
Real estate operating expenses	2,435,241	2,154,463	7,088,526	6,607,728
Administrative and general expenses (Note 9)	1,013,284	876,370	3,119,880	2,673,644
Depreciation and amortization (Note 6)	427,921	404,479	1,270,828	1,208,221
Loss on disposition of property and equipment			4,291	316,021
Total expenses	3,876,446	3,435,312	11,483,525	10,805,614
Income from operations before investment income, interest expense and income taxes	391,683	269,114	1,142,957	1,198,833
<b>Investment income and interest expense:</b>				
Investment income (Note 3)	6,691	12,094	227,080	69,291
Interest expense (Notes 5, 7 and 10)	(107,059)	(99,171)	(318,748)	(323,281)
	(100,368)	(87,077)	(91,668)	(253,990)
Income from operations before income taxes	291,315	182,037	1,051,289	944,843
Income taxes provided (Note 1)	73,000	109,000	454,000	382,000
Net income	218,315	73,037	597,289	562,843
Retained earnings, beginning of period	39,382,915	38,830,076	39,003,941	38,340,270
Retained earnings, end of period	\$ 39,601,230	\$ 38,903,113	\$ 39,601,230	\$ 38,903,113
Income per common share (Note 2)	\$ .11	\$ .04	\$ .30	\$ .28
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 April 30		Nine Months Ended April 30	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Net income	\$ 218,315	\$ 73,037	\$ 597,289	\$ 562,843
Unrealized gain (loss) on available-for-sale securities:				
Unrealized holding gains arising during the period, net of taxes of \$25,000 and \$19,000 for the three months ended April 30, 2014 and 2013, respectively, and \$19,000 and \$49,000 for the nine months ended April 30, 2014 and 2013, respectively (Note 12)	30,468	23,412	25,449	61,441
Reclassification adjustment for net gains included in net income, net of taxes of (\$69,000) for the nine months ended April 30, 2014 (Note 12)			(86,187)	
Unrealized gains (losses) on available-for-sale securities, net of taxes	30,468	23,412	(60,738)	61,441
Comprehensive income	\$ 248,783	\$ 96,449	\$ 536,551	\$ 624,284

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	2014 (Unaudited)	April 30 2013 (Unaudited)
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 597,289	\$ 562,843
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	1,270,828	1,208,221
Amortization of deferred charges	263,172	314,810
Realized (gain) loss on sale of marketable securities	(182,846)	3,322
Loss on disposition of property and equipment	4,291	316,021
Other assets		
- unbilled receivables	(338,056)	(196,119)
- unbilled receivables - bad debts	-	240,258
- deferred charges	(289,155)	(636,401)
Deferred income taxes	454,000	148,000
<b>Changes in:</b>		
Receivables	(278,694)	95,062
Income taxes refundable	14,066	(281,073)
Prepaid expenses	539,455	609,520
Accounts payable	76,804	(30,197)
Payroll and other accrued liabilities	186,516	737,292
Income taxes payable	-	(79,362)
Other taxes payable	6,317	6,483
Cash provided by operating activities	2,323,987	3,018,680
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(2,263,171)	(1,941,955)
Security deposits	(301,257)	67,150
Marketable securities:		
Receipts from sales or maturities	1,247,403	548,818
Payments for purchases	(49,889)	(545,615)
Cash (used) by investing activities	(1,366,914)	(1,871,602)
<b>Cash Flows From Financing Activities:</b>		
Decrease - security deposits	(75,210)	(138,150)
Mortgage and other debt payments	(126,283)	(117,653)
Cash (used) by financing activities	(201,493)	(255,803)
Increase in cash and cash equivalents	755,580	891,275
Cash and cash equivalents at beginning of period	664,718	1,340,203
Cash and cash equivalents at end of period	\$ 1,420,298	\$ 2,231,478

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 nine months ended April 30, 2014 and April 30, 2013.

**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 nine months ended April 30, 2014 and April 30, 2013.

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 April 30, 2014 and July 31, 2013:

**Fair value measurements at reporting date using**

Description	April 30,		Level		July 31,		Level		Level	
	2014	Level 1	2	3	2013	Level 1	2	3		
<b>Assets:</b>										
Marketable securities - available-for-sale:										
Mutual funds	\$ 810,329	\$ 810,329	\$	\$	\$ 1,789,914	\$ 1,789,914	\$	\$		
Equity securities	523,864	523,864			619,359	619,359				
	\$ 1,334,193	\$ 1,334,193	\$	\$	\$ 2,409,273	\$ 2,409,273	\$	\$		

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As of April 30, 2014 and July 31, 2013, the Company's marketable securities were classified as follows:

	April 30, 2014				July 31, 2013			
	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	\$	\$	\$	\$	\$ 50,326	\$	\$	\$ 50,326
<b>Noncurrent:</b>								
<b>Available-for-sale:</b>								
Mutual funds	\$ 689,229	\$ 121,100	\$	\$ 810,329	\$ 1,559,925	\$ 242,041	\$ 12,052	\$ 1,789,914
Equity securities	422,069	101,795		523,864	515,715	105,341	1,697	619,359
	\$ 1,111,298	\$ 222,895	\$	\$ 1,334,193	\$ 2,075,640	\$ 347,382	\$ 13,749	\$ 2,409,273

Investment income consists of the following:

	Three Months Ended April 30		Nine Months Ended April 30	
	2014	2013	2014	2013
Gain (loss) on sale of marketable securities	\$	\$ (2,805)	\$ 182,846	\$ (3,322)
Interest income	529	4,337	1,825	9,229
Dividend income	6,162	10,562	42,409	63,384
Total	\$ 6,691	\$ 12,094	\$ 227,080	\$ 69,291

**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 19.25% and another tenant accounted for 15.42% of rental income during the nine months ended April 30, 2014. 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 April 30, 2014 and July 31, 2013 provided by a tenant as a security deposit.

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

		April 30, 2014				July 31, 2013	
		Current 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	\$ 68,000	\$ 1,483,056	\$ 48,320	\$ 1,538,575
Bond St. building, Brooklyn, NY	(b)	6.98%	2/18/15	172,000	3,742,258	121,942	3,882,760
Total				\$ 240,000	\$ 5,225,314	\$ 170,262	\$ 5,421,335

- (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) above), 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. At this time the Company intends to extend this loan.

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

	April 30 2014	July 31 2013
<b>Property:</b>		
Buildings and improvements	\$ 72,714,673	\$ 70,513,716
Improvements to leased property	1,478,012	1,478,012
Land	6,067,805	6,067,805
Construction in progress	545,000	487,934
	80,805,490	78,547,467
Less accumulated depreciation	34,337,231	33,097,163
Property - net	46,468,259	45,450,304
<b>Fixtures and equipment and other:</b>		
Fixtures and equipment	144,544	194,893
Other fixed assets	238,906	238,906
	383,450	433,799
Less accumulated depreciation	229,192	249,638
Fixtures and equipment and other - net	154,258	184,161
<b>Property and equipment - net</b>	<b>\$ 46,622,517</b>	<b>\$ 45,634,465</b>

Construction in progress includes:

	April 30 2014	July 31 2013
New tenant improvements at 9 Bond Street in Brooklyn, NY	\$ 487,934	\$ 487,934
Building improvements at Fishkill, NY	465,000	
Improvements at 9 Bond Street in Brooklyn, NY	40,000	
Improvements at 25 Elm Place in Brooklyn, NY	40,000	
	\$ 545,000	\$ 487,934

**7. Note Payable:**

On December 15, 2004, the Company borrowed \$1,000,000 on an 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 15, 2016. 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 \$37,500 for each of the nine months ended April 30, 2014 and 2013, respectively.

**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 \$11,271 and \$32,824 for the three and nine months ended April 30, 2014, respectively, and \$10,000 and \$24,778 for the three and nine months ended April 30, 2013, 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 \$105,773 and \$297,143 as contributions to the Plan for the three and nine months ended April 30, 2014, respectively, and \$80,396 and \$262,499 as contributions to the Plan for the three and nine months ended April 30, 2013, respectively.

**Contingent Liability for Pension Plan**

Information as to the Company's portion of accumulated pension plan benefits and plan assets is not reported separately by the union sponsored pension plan. A contingent liability may exist because an employer under the Employee Retirement Income Security Act, upon withdrawal from a multi-employer defined benefit plan, is required to continue to pay its proportionate share of the plan's unfunded vested benefits, if any. The liability under this provision has not been determined; however, the Company has no intention of withdrawing from the plan. Union annuity and health and welfare benefits plans are defined contribution plans and do not have unfunded vested benefits.

**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:

	Nine Months Ended	
	2014	April 30 2013
Interest paid, net of capitalized interest of \$11,100 (2014) and \$15,217 (2013)	\$ 326,817	\$ 325,080
Income taxes paid (refunded)	\$ (14,417)	\$ 594,382

**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 and nine months ended April 30, 2014 and 2013 is as follows:

	Three Months Ended April 30		Nine Months Ended April 30	
	2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Unaudited)
Beginning balance, net of tax effect	\$ 92,427	\$ 171,506	\$ 183,633	\$ 133,477
<b>Other comprehensive income, net of tax effect:</b>				
Unrealized gains on available-for-sale securities	55,468	42,412	44,449	110,441
Tax effect	(25,000)	(19,000)	(19,000)	(49,000)
Unrealized gains on available-for-sale securities, net of tax effect	30,468	23,412	25,449	61,441
<b>Amounts reclassified from accumulated other comprehensive income, net of tax effect:</b>				
Unrealized gains (losses) on available-for-sale securities reclassified			(155,187)	
Tax effect			69,000	
Amount reclassified, net of tax effect			(86,187)	
Ending balance, net of tax effect	\$ 122,895	\$ 194,918	\$ 122,895	\$ 194,918

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A summary of the line items in the Condensed Consolidated Statement of Operations and Retained Earnings 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.

Because of defective workmanship and breach of contract, the Company commenced litigation against a contractor to pay damages and return in full \$376,467 of a deposit paid when work commenced to replace a roof on the Fishkill, New York building. As of April 30, 2014, this deposit is included in other assets on the balance sheet in security deposits. Based on limited information available at this time, the Company cannot predict the outcome of this matter and expects to vigorously pursue this contractor until the deposit is returned and damages are paid.



**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 April 30, 2014 Compared to the Three Months Ended April 30, 2013:**

In the three months ended April 30, 2014, the Company reported net income of \$218,315, or \$.11 per share. In the comparable three months ended April 30, 2013, the Company reported net income of \$73,037, or \$.04 per share.

Revenues in the current three months increased to \$4,268,129 from \$3,704,426 in the comparable 2013 three months primarily due to increased rents from two office tenants who replaced previous office tenants at the Company's Jowein building in Brooklyn, New York.

Real estate operating expenses in the current three months increased to \$2,435,241 from \$2,154,463 in the comparable 2013 three months primarily due to increases in real estate taxes and maintenance costs, partially offset by a bad debt expense in the amount of \$240,258 in the comparable 2013 three months.

Administrative and general expenses in the current three months increased to \$1,013,284 from \$876,370 in the comparable 2013 three months primarily due to increases in payroll costs, legal and professional costs and pension costs.

Depreciation and amortization expense in the current three months increased to \$427,921 from \$404,479 in the comparable 2013 three months primarily due to improvements to the Nine Bond Street, Brooklyn, New York building and the Jowein building in Brooklyn, New York.

Interest expense in the current three months exceeded investment income by \$100,368 and by \$87,077 in the comparable 2013 three months. The increase was due to decreased investment income and a decrease in capitalized interest expense.

**Nine Months Ended April 30, 2014 Compared to the Nine Months Ended April 30, 2013:**

In the nine months ended April 30, 2014, the Company reported net income of \$597,289, or \$.30 per share. In the comparable nine months ended April 30, 2013, the Company reported net income of \$562,843, or \$.28 per share.

Revenues in the current nine months increased to \$12,626,482 from \$12,004,447 in the comparable 2013 nine 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 and increased rents from the office tenants who replaced previous office tenants at the Company's Jowein building in Brooklyn, New York.

Real estate operating expenses in the current nine months increased to \$7,088,526 from \$6,607,728 in the comparable 2013 nine months primarily due to increases in real estate taxes, payroll costs and maintenance costs, partially offset by a decrease in leasing commission expense and a bad debt expense in the amount of \$240,258 in the comparable 2013 nine months.

Administrative and general expenses in the current nine months increased to \$3,119,880 from \$2,673,644 in the comparable 2013 nine months primarily due to increases in legal and professional costs and pension costs.

Depreciation and amortization expense in the current nine months increased to \$1,270,828 from \$1,208,221 in the comparable 2013 nine months primarily due to improvements to the Nine Bond Street, Brooklyn, New York building and the Jowein building in Brooklyn, New York.

The current nine months had a loss on disposition of property and equipment in the amount of \$4,291. The 2013 nine month period had a loss on disposition of property and equipment in the amount of \$316,021.

Investment expense in the current nine months exceeded investment income by \$91,668 and by \$253,990 in the comparable 2013 nine months. The decrease in interest expense over investment income was primarily due to the gain on sale of marketable securities and interest expense reductions effected by scheduled repayments of debt.

**Liquidity and Capital Resources:**

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 \$1,420,298 at April 30, 2014.

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 property. The cost of construction was \$1,283,188 and brokerage commissions were \$247,830. Occupancy commenced in December 2013 and rent commenced in March 2014. The Company had to relocate part of its general offices to accommodate the tenant at a cost of \$556,868. Both of these projects were financed through operating funds.

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 commenced in March 2014. The Company expects to incur total construction costs of approximately \$1,700,000, including a new roof and repavement of the parking lot.

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. The Company also renewed a lease with an office tenant at the Company's Jamaica, New York building, who occupies 38,109 square feet for an additional five year period expiring on November 30, 2018.

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 stayed as a tenant on a month to month rental until February 2014 and the tenant who occupied 25,954 square feet vacated the premises in October 2013. The Company in November 2013 leased the 25,954 square feet to a retail furniture store for a ten year period and leased with an existing retail tenant the 28,335 square feet for a fifteen year period. The rental income received from these tenants will be greater than the rental income from the previous tenants. Rent commenced in May 2014 for the retail furniture store and will commence August 2014 with the existing retail tenant.



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 its lease for a period of five years expiring on October 31, 2018. This tenant also increased the amount of square footage occupied from 30,000 square feet to 48,000 square feet.

The Company has commitments with contractors to replace the roof on its Fishkill, New York building and the repavement of the parking lot. The cost of the projects will be \$1,362,000 and work began in April 2014.

**Cash Flows From Operating Activities:**

Deferred Charges: The Company had expenditures for brokerage commissions for the nine months ended April 30, 2014 in the amount of \$180,400, relating to a tenant at its Jamaica, New York building.

Payroll and Other Accrued Liabilities: The Company incurred \$180,400 for brokerage commissions in order to lease space at the Company's Jamaica, New York building for the nine months ended April 30, 2014.

**Cash Flows From Investing Activities:**

The Company had expenditures of \$97,014 for the nine months ended April 30, 2014, 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 \$319,231 for the nine months ended April 30, 2014 for construction costs at its Fishkill, New York building for a retail tenant's renovation. The project was completed in November 2013.

The Company had expenditures of \$795,254 in the nine months ended April 30, 2014 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 was \$1,283,188 and was completed in December 2013.

The Company had expenditures of \$191,928 for the nine months ended April 30, 2014 for renovations to an existing tenant as part of the tenant's lease agreement. The total cost of the renovations was \$191,928 and the renovations were completed in December 2013.

The Company had expenditures of \$188,940 in the nine months ended April 30, 2014 for renovations to an existing tenant as part of the tenant's lease agreement. The total cost of the renovations was \$188,940 and the renovations were completed in March 2014.

The Company had expenditures of \$465,000 for the nine months ended April 30, 2014 for work at its Fishkill, New York property for a new roof and the repavement of the parking lot. The total cost of the renovations will be \$1,362,000 and the project is anticipated to be completed by June 2014.

The Company had expenditures in the amount of \$376,467 for deposits to an outside contractor for work to be done at the Company's Fishkill, New York building.

**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 the related 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 April 30, 2014, the Company had fixed-rate debt of \$6,465,314.

**Item 4. Controls and Procedures:**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded, as of the end of the period covered by this quarterly report, our disclosure controls and procedures were effective and provide reasonable assurance that the information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported accurately and within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

**Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are likely to materially affect, our internal control over financial reporting.

**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 adverse 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 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	22
	(31.2) Chief Financial Officer	23
(32)	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350	24
(95)	Mine Safety Disclosures Exhibit	N/A
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	



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(b) Reports on Form 8-K One report on Form 8-K was filed by the registrant during the three months ended April 30, 2014.  
Items reported:

The Company reported its financial results for the three and six months ended January 31, 2014. Date of report filed - March 6, 2014.

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**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: June 4, 2014

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

Date: June 4, 2014

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