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MAYS J W INC  
Form 10-Q  
December 04, 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 **October 31, 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 December 3, 2014
Common Stock, \$1 par value	2,015,780 shares



## 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>	October 31 2014 (Unaudited)	July 31 2014 (Audited)
Property and equipment - Net (Notes 5 and 6)	\$ 47,422,656	\$ 47,458,998
<b>Current Assets:</b>		
Cash and cash equivalents (Note 4)	2,686,634	1,892,760
Receivables (Note 4)	441,869	311,006
Receivable to temporarily vacate lease (Note 13)	1,250,000	1,250,000
Income taxes refundable		196,006
Deferred income taxes	1,482,000	1,564,000
Prepaid expenses	871,898	1,383,994
<b>Total current assets</b>	<b>6,732,401</b>	<b>6,597,766</b>
<b>Other Assets:</b>		
Deferred charges	3,835,016	3,835,016
Less: accumulated amortization	2,213,026	2,126,926
<b>Net</b>	<b>1,621,990</b>	<b>1,708,090</b>
Receivables (Note 4)	30,000	60,000
Security deposits	1,443,410	1,440,755
Unbilled receivables (Notes 4 and 8)	2,565,650	2,556,743
Marketable securities (Notes 3 and 4)	1,432,094	1,354,213
<b>Total other assets</b>	<b>7,093,144</b>	<b>7,119,801</b>
<b>TOTAL ASSETS</b>	<b>\$ 61,248,201</b>	<b>\$ 61,176,565</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Long-Term Debt:</b>		
Mortgages payable (Note 5)	\$ 5,137,640	\$ 5,181,335
Note payable - related party (Note 7)	1,000,000	1,000,000
Security deposits payable	737,752	736,103
Deferred revenue (Note 13)	1,895,833	2,187,500
<b>Total long-term debt</b>	<b>8,771,225</b>	<b>9,104,938</b>
Deferred income taxes (Note 1)	4,276,000	4,220,000
<b>Current Liabilities:</b>		
Accounts payable	114,219	144,250
Payroll and other accrued liabilities	2,066,722	2,174,487
Deferred Revenue (Note 13)	1,166,667	1,166,667
Income taxes payable	10,068	
Other taxes payable	2,600	6,357
Current portion of long-term debt (Note 5)	240,000	240,000
Current portion of security deposits payable	10,500	10,500
<b>Total current liabilities</b>	<b>3,610,776</b>	<b>3,742,261</b>
<b>TOTAL LIABILITIES</b>	<b>16,658,001</b>	<b>17,067,199</b>
<b>Shareholders' Equity:</b>		

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Common stock, par value \$1 each share (shares - 5,000,000 authorized; 2,178,297 issued)	2,178,297	2,178,297
Additional paid in capital	3,346,245	3,346,245
Unrealized gain on available-for-sale securities - net of deferred taxes of \$140,000 at October 31, 2014 and \$107,000 at July 31, 2014	171,574	129,412
Retained earnings	40,181,936	39,743,264
	45,878,052	45,397,218
Less common stock held in treasury, at cost - 162,517 shares at October 31, 2014 and at July 31, 2014 (Note 11)	1,287,852	1,287,852
Total shareholders' equity	44,590,200	44,109,366
Contingencies (Note 14)		
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 61,248,201</b>	<b>\$ 61,176,565</b>

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	Three Months Ended		October 31	
	2014		2013	
	(Unaudited)		(Unaudited)	
<b>Revenues</b>				
Rental income (Notes 4 and 8)	\$	4,340,357	\$	4,218,764
Recovery of real estate taxes		10,625		
Revenue to temporarily vacate lease (Note 13)		291,667		
Total revenues		4,642,649		4,218,764
<b>Expenses</b>				
Real estate operating expenses		2,324,198		2,151,725
Administrative and general expenses		983,293		918,048
Depreciation and amortization (Note 6)		440,985		418,555
Loss on disposition of property and equipment				4,291
Total expenses		3,748,476		3,492,619
Income from operations before investment income, interest expense and income taxes		894,173		726,145
<b>Investment income and interest expense:</b>				
Investment income (Note 3)		6,191		189,424
Interest expense (Notes 5, 7 and 10)		(108,692)		(98,545)
		(102,501)		90,879
Income from operations before income taxes		791,672		817,024
Income taxes provided		353,000		381,000
Net income		438,672		436,024
Retained earnings, beginning of period		39,743,264		39,003,941
Retained earnings, end of period	\$	40,181,936	\$	39,439,965
Income per common share (Note 2)	\$	.22	\$	.22
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	
	2014	2013
	(Unaudited)	(Unaudited)
Net income	\$ 438,672	\$ 436,024
Unrealized gain (loss) on available-for-sale securities:		
Unrealized holding gains arising during the period, net of taxes of \$33,000 and \$9,000 for the three months ended October 31, 2014 and 2013, respectively	42,162	11,269
Reclassification adjustment for net gains included in net income, net of taxes of \$0 and (\$69,000) for the three months ended October 31, 2014 and 2013, respectively (Note 12)		(86,187)
Unrealized gains (losses) on available-for-sale securities, net of taxes	42,162	(74,918)
Comprehensive income	\$ 480,834	\$ 361,106

See Notes to Condensed Consolidated Financial Statements.

## J. W. MAYS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	2014 (Unaudited)	October 31 2013 (Unaudited)
<b>Cash Flows From Operating Activities:</b>		
Net income	\$ 438,672	\$ 436,024
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	440,985	418,555
Amortization of deferred charges	86,100	83,804
Realized (gain) on sale of marketable securities	(386)	(182,841)
Loss on disposition of property and equipment	-	4,291
Other assets - unbilled receivables	(8,907)	(44,926)
- deferred charges	-	(39,073)
Deferred income taxes	105,000	131,000
Deferred revenue	(291,667)	-
Changes in:		
Receivables	(100,863)	(56,241)
Income taxes refundable	196,006	325,072
Prepaid expenses	512,096	497,465
Accounts payable	(30,031)	26,822
Payroll and other accrued liabilities	(107,765)	(273,570)
Income taxes payable	10,068	140,565
Other taxes payable	(3,757)	(2,968)
Cash provided by operating activities	1,245,551	1,463,979
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(404,643)	(1,439,328)
Security deposits	(2,655)	141,882
Marketable securities:		
Receipts from sales or maturities	270,974	1,247,323
Payments for purchases	(273,307)	(9,242)
Cash (used) by investing activities	(409,631)	(59,365)
<b>Cash Flows From Financing Activities:</b>		
Increase (decrease) - security deposits	1,649	(141,882)
Mortgage and other debt payments	(43,695)	(40,640)
Cash (used) by financing activities	(42,046)	(182,522)
Increase in cash and cash equivalents	793,874	1,222,092
Cash and cash equivalents at beginning of period	1,892,760	664,718
Cash and cash equivalents at end of period	\$ 2,686,634	\$ 1,886,810

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, 2014 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, 2014. 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, 2015.

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 April 2014, the FASB issued an update ( ASU 2014-08 ) Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity to ASC Topic 205, Presentation of Financial Statements and ASC Topic 360, Property Plant and Equipment. Under ASU 2014-08, only disposals that represent a strategic shift that has (or will have) a major effect on the entity s results and operations would qualify as discontinued operations. In addition, ASU 2014-08 expands the disclosure requirements for disposals that meet the definition o