

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

MAYS J W INC
Form 10-Q
December 10, 2009

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, 2009

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

11-1059070

(State or other jurisdiction
of incorporation or organization)

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

9 Bond Street, Brooklyn, New York

11201-5805

(Address of principal executive offices)

(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

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

"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 9, 2009 -----
Common Stock, \$1 par value	2,015,780 shares

This report contains 21 pages.

-1-

J. W. MAYS, INC.
INDEX

Page No.

Part I - Financial Information:

Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Income and Retained Earnings	4
Condensed Consolidated Statements of Comprehensive Income	4
Condensed Consolidated Statements of Cash Flows	5
Notes to Condensed Consolidated Financial Statements	6 - 13
Management's Discussion and Analysis of Results of Operations and Financial Condition	13 - 15
Controls and Procedures	16
Part II - Other Information	17
Signatures	18
(31) Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	
(31.1) - Chief Executive Officer	19
(31.2) - Chief Financial Officer	20
(32) Certification Pursuant to Section 906 of the	

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

Sarbanes-Oxley Act of 2002

18 U.S.C. Section 1350

21

-2-

J. W. MAYS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	October 31 2009	July 31 2009
	(Unaudited)	(Audited)
Property and Equipment - Net (Notes 7 and 8)	\$44,851,225	\$45,037,497
Current Assets:		
Cash and cash equivalents	2,229,786	653,719
Marketable securities (Note 5)	225,350	49,888
Receivables	222,866	268,501
Real estate taxes refundable	173,904	-
Deferred income taxes	315,000	360,000
Prepaid expenses	927,102	1,974,478
Security deposits	207,676	257,108
Total current assets	4,301,684	3,563,694
Other Assets:		
Deferred charges	3,399,067	3,348,869
Less accumulated amortization	1,756,227	1,662,701
Net	1,642,840	1,686,168
Receivables	181,067	181,467
Security deposits	1,105,079	1,136,404
Unbilled receivables (Note 10)	2,332,302	2,476,588
Marketable securities (Note 5)	1,750,111	1,625,552
Total other assets	7,011,399	7,106,179
TOTAL ASSETS	\$56,164,308	\$55,707,370
LIABILITIES AND SHAREHOLDERS' EQUITY		
Long-Term Debt:		
Mortgages and term loan payable (Note 7)	\$9,358,923	\$8,563,925
Note payable - related party (Note 9)	1,000,000	1,000,000
Security deposits payable	782,431	804,756
Total long-term debt	11,141,354	10,368,681
Deferred Income Taxes	1,910,000	1,929,000

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

Current Liabilities:		
Accounts payable	95,481	91,403
Payroll and other accrued liabilities	1,219,708	1,476,955
Income taxes payable	191,734	346,355
Other taxes payable	5,062	2,300
Current portion of mortgages payable (Note 7)	759,435	949,603
Current portion of security deposits payable	207,676	257,108
	-----	-----
Total current liabilities	2,479,096	3,123,724
	-----	-----
Total liabilities	15,530,450	15,421,405
	-----	-----
Shareholders' Equity:		
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 (loss) on available for sale securities - net of deferred taxes (benefit) of \$(5,000) at October 31, 2009 and \$(30,000) at July 31, 2009	(8,639)	(58,078)
Retained earnings	36,405,807	36,107,353
	-----	-----
	41,921,710	41,573,817
Less common stock held in treasury, at cost - 162,517 shares at October 31, 2009 and at July 31, 2009 (Note 13)	1,287,852	1,287,852
	-----	-----
Total shareholders' equity	40,633,858	40,285,965
	-----	-----
Contingencies (Note 15)		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$56,164,308	\$55,707,370
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

-3-

J. W. MAYS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

	Three Months Ended October 31	
	2009	2008
	-----	-----
	(Unaudited)	(Unaudited)
Revenues		
Rental income (Notes 6 and 10)	\$4,111,383	\$3,922,846
Recovery of real estate taxes	114,251	-
	-----	-----
Total revenues	4,225,634	3,922,846
	-----	-----

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

Expenses		
Real estate operating expenses	2,340,099	2,242,687
Administrative and general expenses	872,018	872,405
Depreciation and amortization	414,529	405,092
	-----	-----
Total expenses	3,626,646	3,520,184
	-----	-----
Income from operations before investment income, interest expense and income taxes	598,988	402,662
	-----	-----
Investment income and interest expense		
Investment income (Note 5)	25,120	(62,899)
Interest expense (Notes 7, 9, and 12)	(165,654)	(205,425)
	-----	-----
	(140,534)	(268,324)
	-----	-----
Income before income taxes	458,454	134,338
Income taxes provided	160,000	74,000
	-----	-----
Net income	298,454	60,338
	-----	-----
Retained earnings, beginning of period	36,107,353	35,351,267
	-----	-----
Retained earnings, end of period	\$36,405,807	\$35,411,605
	=====	=====
Income per common share (Note 2)	\$.15	\$.03
	=====	=====
Dividends per share	\$-	\$-
	=====	=====
Average common shares outstanding	2,015,780	2,015,780
	-----	-----

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended October 31	
	2009	2008
	-----	-----
	(Unaudited)	(Unaudited)
	-----	-----
Net Income	\$298,454	\$60,338
	-----	-----
Other comprehensive income, net of taxes (Note 3)		
Unrealized gain (loss) on available-for-sale securities:		
Net of taxes (benefit) of \$25,000 and \$(117,000) for the three months ended October 31, 2009 and 2008, respectively	49,439	(126,184)
	-----	-----
Reclassification adjustment	-	99,976
	-----	-----
Net change in comprehensive income	49,439	(26,208)
	-----	-----

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

Comprehensive income	\$347,893	\$34,130
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

-4-

J. W. MAYS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended October 31	
	2009	2008
	----- (Unaudited)	----- (Unaudited)
Cash Flows From Operating Activities:		
Net income	\$298,454	\$60,338
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment of marketable securities	-	99,976
Depreciation and amortization	414,529	405,092
Amortization of deferred charges	93,526	93,355
Other assets - deferred charges	(50,198)	-
- unbilled receivables	144,286	123,000
Deferred income taxes	1,000	(36,000)
Changes in:		
Receivables	46,035	(54,373)
Real estate taxes refundable	(173,904)	
Prepaid expenses	1,047,376	924,491
Accounts payable	4,078	87,164
Payroll and other accrued liabilities	(257,247)	(315,830)
Income taxes payable	(154,621)	(59,171)
Other taxes payable	2,762	2,335
	-----	-----
Cash provided by operating activities	1,416,076	1,330,377
	-----	-----
Cash Flows From Investing Activities:		
Capital expenditures	(228,257)	(272,734)
Security deposits	80,757	(634)
Marketable Securities:		
Payments for purchases	(225,582)	(246)
	-----	-----
Cash (used) by investing activities	(373,082)	(273,614)
	-----	-----
Cash Flows From Financing Activities:		
Increase (decrease) - security deposits	(71,757)	635
Borrowings - mortgage and other debt	850,000	-
Decrease - mortgage and other debt payments	(245,170)	(551,685)
	-----	-----
Cash provided (used) by financing activities	533,073	(551,050)

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

Increase in cash and cash equivalents	1,576,067	505,713
Cash and cash equivalents at beginning of period	653,719	1,475,390
Cash and cash equivalents at end of period	\$2,229,786	\$1,981,103

See Notes to Condensed Consolidated Financial Statements.

-5-

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, 2009 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, 2009. 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, 2010.

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, 2009 and October 31, 2008.

3. Comprehensive Income:

FASB ASC 220-10 (formerly known as SFAS No 130), "Reporting Comprehensive Income", establishes standards for the reporting of comprehensive income and its components. It requires all items that are required to be

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

recognized as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other income statement information. Comprehensive income is defined to include all changes in equity except those resulting from investments by and distributions to shareholders.

4. New Accounting Pronouncements:

In July 2009, the Financial Accounting Standards Board, or FASB, issued FASB Statement No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162, which was titled The Hierarchy of Generally Accepted Accounting Principles (the "Codification"). The Codification is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Codification is the single source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with GAAP. Although the adoption of the statement did not materially affect our financial statements, the references to accounting literature within the notes to the condensed consolidated financial statements and elsewhere in this report conform to the Codification.

-6-

5. 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 (which is considered a Level 1 valuation) 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, 2009 and October 31, 2008. The implementation of ASC 10 (formerly FASB 157), Fair Value Measurements, had no impact on the presentation of marketable securities in the Company's financial statements. The Company does not have any assets valued using Level 2 or 3 valuation methods. During 2009, the Company adopted ASC 320-10-65, Transition Related to FSB FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairment ("ASC 320-10-65"). The implementation of this did not have an impact on the Company's financial statements.

-7-

As of October 31, 2009, the Company's marketable securities were classified as follows:

October 31, 2009					
Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Un
Current:					

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

Held-to-maturity:

Certificate of deposit	\$49,950	\$-	\$-	\$49,950	\$49,888
Corporate Debt Securities	175,400	469	1,106	174,763	-
	-----	-----	-----	-----	-----
	\$225,350	\$469	\$1,106	\$224,713	\$49,888
	=====	=====	=====	=====	=====

Noncurrent:

Available-for-sale: Equity securities	\$1,410,252	\$95,005	\$108,644	\$1,396,613	\$1,410,252
	=====	=====	=====	=====	=====

Held-to-Maturity:

Corporate Debt Securities	\$353,498	\$8,421	\$599	\$361,320	\$303,378
	=====	=====	=====	=====	=====

The Company's debt and equity securities gross unrealized losses and fair value, aggregated by time that the investment securities have been in a continuous unrealized loss position, at October investment securities are considered to be temporarily impaired because, if held to maturity, the losses All of our investments in corporate debt securities mature in the 1-5 year time frame.

	Fair Value	Less Than 12 Months	More Than 12 Months
	-----	-----	-----
Corporate Equity Securities	\$1,396,613	\$-	\$108,644
Corporate Debt Securities	536,083	1,705	-
	-----	-----	-----
	\$1,932,696	\$1,705	\$108,644
	=====	=====	=====

Investment income consists of the following:

	Three Months Ended October 31	
	-----	-----
	2009	2008
	-----	-----
Interest income	\$4,189	\$6,327
Dividend income	20,931	30,750
(Loss) on writedown or impairment of securities	-	(99,976)
	-----	-----
Total	\$25,120	\$(62,899)
	=====	=====

-8-

6. 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, cash and cash equivalents are placed with multiple financial institutions and 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-five tenants, of which one

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

tenant accounted for 15.82% and another tenant accounted for 15.51% of rental income during the three months ended October 31, 2009. No other tenant accounted for more than 10% of rental income during the same period.

The Company has three irrevocable Letters of Credit totaling \$367,500 at October 31, 2009 and July 31, 2009, provided by three tenants.

7. Long-Term Debt - Mortgages and Term Loan:

		October 31, 2009			
		Current	Final	Due	Due
		Annual	Payment	Within	After
		Interest	Date	One Year	One Year
		Rate	Date	One Year	One Year
		-----	-----	-----	-----
Mortgages:					
Jamaica, New York property	(a)	6%	4/01/12	\$66,778	\$1,138,315
Jamaica, New York property	(b)	6.81%	10/01/11	131,081	2,218,564
Fishkill, New York property	(c,d)	6.98%	2/18/15	37,258	1,703,380
Bond St. building, Brooklyn, NY	(d)	6.98%	2/18/15	94,026	4,298,664
Term-loan payable to bank	(e)	6.50%	5/01/10	230,292	-
Jowein building, Brooklyn, NY	(f)	Variable	8/01/10	200,000	-
Total				\$759,435	\$9,358,923
				\$759,435	\$9,358,923

(a) The Company, on September 11, 1996, closed a loan with a bank in the amount of \$4,000,000. The loan is secured by a first mortgage lien covering the entire leasehold interest of the Company, as tenant, in a certain ground lease and building in the Jamaica, New York property. In March 2007, the Company extended the loan for five years with an option for an additional five year period. The interest rate for the initial five years is 6.00% per annum. Interest and amortization of principal will be made in constant monthly amounts based on a fifteen year (15) payout period. The outstanding balance of the loan totaling \$1,036,602 will become due and payable on April 1, 2012.

(b) The Company, on December 13, 2000, closed a loan with a bank in the amount of \$3,500,000. The loan is secured by a second position leasehold mortgage covering the entire leasehold interest of the Company, as tenant, in a certain ground lease and building in the Jamaica, New York property. The outstanding balance of the loan, totaling \$2,739,452, became due and payable on October 1, 2006. The Company exercised its option to extend the loan for a additional five (5) years to October 1, 2011. The interest rate for the extended period is 6.81% per annum. At the end of the five year period there will be a balance due on the loan of \$2,077,680.

As additional collateral security, the Company conditionally assigned to the bank all leases and rents on the premises, or portions thereof, whether now existing or hereafter consummated. The Company has an option to prepay principal, in whole or in part, plus interest accrued thereon, at any time during the term, without premium or penalty. Other provisions of the loan agreement provide certain restrictions on the incurrence of indebtedness on the Jamaica property and the sale or transfer of the Company's ground lease interest in the premises.

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

-9-

- (c) 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 7(d) 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%.
- (d) The Company, on August 19, 2004, closed a loan with a bank for a \$12,000,000 multiple draw term loan. This loan finances seventy-five (75%) percent of the cost of capital improvements for an existing lease to a tenant and capital improvements for future tenant leases at the Company's Brooklyn, New York (Bond Street building) and Fishkill, New York properties. The loan will also finance \$850,000 towards the construction of two new elevators at the Company's Brooklyn, New York property (Bond Street building). The Company had three and one-half years to draw down amounts under this loan. The loan consists of: a) a permanent, first mortgage loan to refinance an existing first mortgage loan affecting the Fishkill Property, which matured on July 1, 2004 (the "First Permanent Loan") (see Note 6(d)), 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 loan is structured in two phases: 1) a forty-two (42) month loan with payments of interest only at the floating one-month LIBOR rate plus 2.25% per annum, but not less than 3.40%; and 2) after the forty-two month period, the loan would convert to a seven-year (7) permanent mortgage loan on a seventeen (17) year level amortization, plus interest, at the option of the Company. The interest rate on the permanent loan would be at a fixed rate equal to the Federal Home Loan Bank of New York's seven-year (7) fixed interest rate plus 2.25% per annum at the time of conversion. As of August 19, 2004, the Company refinanced the existing mortgage on the Company's Fishkill, New York property, which balance was \$1,834,726 and took down an additional \$2,820,000 for capital improvements for two tenants at the Company's Bond Street building in Brooklyn, New York. In fiscal 2006, 2007 and 2008, the Company drew down additional amounts totaling \$916,670, on its multiple draw term loan to finance tenant improvements and brokerage commissions for the leasing of 13,026 square feet for office use at the Company's Bond Street building in Brooklyn, New York. The Company in February 2008 converted the loan to a seven (7) year permanent mortgage loan. The interest rate on conversion was 6.98%. Since the loan has been converted to a permanent mortgage loan, the balance of the financing on this loan was for the new elevators at the Company's Bond Street building in Brooklyn, New York in the amount of \$850,000 referred to above. In the three months ended October 31, 2009, the Company has drawn down the \$850,000.
- (e) On February 18, 2005, the Company secured financing in the amount of \$1,700,000, from a bank whose president is a director of the Company. The loan is a multiple draw loan, for a period of five (5) years, and is self-amortizing, at an interest rate of 6.50% per annum. Interest paid for the three months ended October 31, 2009 and 2008 was \$4,259 and \$10,255, respectively.
- (f) The Company, on July 22, 2005, closed a loan with a bank for \$1,200,000. The loan was used to finance the construction costs and brokerage commissions associated with the leasing of 15,000 square feet for office use to a tenant at the Company's Jowein building in Brooklyn, New York. The loan is secured by the assignment of lease of 15,000 square feet. The loan is for a period of five (5) years and is self-amortizing, at a floating interest rate of prime plus 1.00% per annum. The interest rate at October 31, 2009 was 4.25% per annum.

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

-10-

8. Property and Equipment - at cost:

	October 31 2009	July 31 2009
	-----	-----
Property:		
Buildings and improvements	\$64,476,942	\$63,145,461
Improvements to leased property	9,154,777	9,154,777
Land	6,067,805	6,067,805
Construction in progress	-	1,109,538
	-----	-----
	79,699,524	79,477,581
Less accumulated depreciation	35,047,286	34,646,428
	-----	-----
Property - net	44,652,238	44,831,153
	-----	-----
Fixtures and equipment and other:		
Fixtures and equipment	525,839	519,525
Other fixed assets	245,387	245,387
	-----	-----
	771,226	764,912
Less accumulated depreciation	572,239	558,568
	-----	-----
Fixtures and equipment and other - net	198,987	206,344
	-----	-----
Property and equipment - net	\$44,851,225	\$45,037,497
	=====	=====

9. Note Payable:

On December 15, 2004, the Company borrowed \$1,000,000 from a former director of the Company, who is also a greater than 10% beneficial owner of the outstanding common stock of the Company. The term of the loan was for a period of three (3) years maturing on December 15, 2007, at an interest rate of 7.50% per annum. The loan is unsecured. The note is prepayable in whole or in part at any time without penalty. The constant quarterly payments of interest are \$18,750. The Company extended the note for an additional three (3) years maturing on December 15, 2010, at an interest rate of 7.50% per annum.

10. 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.

11. Employees' Retirement Plan:

The Company contributes to a union sponsored multi-employer pension plan covering its union employees. The Pension Plan contributions to the Plan for the three months ended October 31, 2009 and 2008, were \$4,649 and \$4,027, respectively. The Company also contributes to union sponsored health benefit plans.

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

The Company sponsors a noncontributory Money Purchase Plan covering substantially all of its non-union employees. Operations were charged \$78,911 and \$75,000 as contributions to the Plan for the three months ended October 31, 2009 and 2008, respectively.

-11-

12. 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 months or less, which are readily convertible into cash.

Supplemental disclosure:

	Three Months Ended October 31	
	2009	2008
Interest paid, net of capitalized interest of \$569 (2009) and \$11,677 (2008)	\$164,696	\$209,087
Income taxes paid	\$295,975	\$169,168

13. Capitalization:

The Company is capitalized entirely through common stock with identical voting rights and rights to liquidation. Treasury stock is recorded at cost and consists of 162,517 shares at October 31, 2009 and at July 31, 2009.

14. Related Party Transactions:

In the three months ended October 31, 2009 and 2008, Holland & Knight LLP, a law firm in which Lance D. Myers, a member of our Board of Directors, is a partner, performed legal services for us for which it was paid \$70,897 and \$96,383, respectively.

15. 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 Consolidated Financial Statements.

In response to a termination notice that the Company received concerning its tenancy in a portion of the Jowein building, Brooklyn, New York, on April 25, 2007, the Company filed a lawsuit against its landlords in New York State Supreme Court, Kings County. In the lawsuit, the Company seeks a judgment declaring that the landlords' termination notice was improperly issued and that the Company is not required to correct or cure the purported defaults cited in the termination notice. In addition, the

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

Company seeks an order temporarily, preliminarily and permanently enjoining the landlords from taking any action to terminate the lease or otherwise interfere with the Company's possession of the premises.

On May 16, 2007, the New York State Supreme Court granted the Company's motion for preliminary injunctive relief and enjoined the landlords, during the pendency of this action, from taking any action to evict the Company, terminate the Company's lease which is scheduled to expire on April 30, 2010, and/or commencing summary action adverse to the Company's rights or otherwise disturb the Company's possession of the premises. The landlords have answered the complaint denying the allegations and asserting counterclaims against the Company relating to the premises. Discovery has been completed and the trial date scheduled for November, 2009 has been adjourned without a new trial date being set. Management of the Company is unable to predict the outcome of this matter or whether the Company will be required to expend significant amounts of money in order to correct any of the purported defaults.

If the lease is not renewed prior to expiration, the Company shall surrender the premises in accordance with the terms of the lease. At this time the Company is only able to estimate this cost at a range between \$700,000 and \$1,200,000.

-12-

16. Subsequent events:

The Company evaluated events occurring between the end of its most recent quarter and December 9, 2009, the date the financial statements were issued.

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 subsidiaries.

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 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.

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

Actual results may differ from these estimates under different assumptions and conditions. (See Note 1 on page 6 to the Condensed Consolidated Financial Statements herein and Note 1 on pages 8 and 9 to the Condensed Consolidated Financial Statements in the Annual Report to Shareholders for the fiscal year ended July 31, 2009).

Results of Operations:

Three Months Ended October 31, 2009 Compared to the Three Months Ended October 31, 2008:

In the three months ended October 31, 2009, the Company reported net income of \$298,454, or \$.15 per share. In the comparable three months ended October 31, 2008, the Company reported net income of \$60,338, or \$.03 per share.

Revenues in the current three months increased to \$4,225,634 from \$3,922,846 in the comparable 2008 three months. The increase in revenues was due to the Company's leasing to one additional tenant at the Company's Brooklyn, New York property.

The recovery of real estate taxes in the current three months in the amount of \$114,251, net of legal expenses, represents prior years' real estate taxes from one of the Company's properties. The comparable 2008 year did not have a recovery of real estate taxes.

Real estate operating expenses in the current three months increased to \$2,340,099 from \$2,242,687 in the comparable 2008 three months primarily due to increases in rental expense and real estate taxes, partially offset by decreases in maintenance and utility costs.

-13-

Administrative and general expenses in the current three months decreased to \$872,018 from \$872,405 in the comparable 2008 three months primarily due to decreases in legal and professional costs, partially offset by increases in payroll costs.

Depreciation and amortization expense in the current three months increased to \$414,529 from \$405,092 in the comparable 2008 three months.

Interest expense and other expenses in the current three months exceeded investment income by \$140,534 and by \$268,324 in the comparable 2008 three months. The decrease in the excess of interest expense over investment income was due to the principal write-down of \$99,976 due to the impairment of the Company's investment in Lehman Brothers Holdings Inc. preferred stock in the 2008 three month period and 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 \$2,229,786 at October 31, 2009.

As part of the \$12,000,000 multiple draw term loan, the bank agreed to finance the cost of two new elevators at the Company's Bond Street building in Brooklyn, New York. The amount financed was \$850,000. In September 2009 and October 2009, the Company drew down the \$850,000. (See Note 7(d) to the

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

Condensed Consolidated Financial Statements). The total cost of the elevator project was \$1,270,607 and was completed in August 2009.

A tenant who occupies 26,110 square feet of retail space at the Company's Jowein building in Brooklyn, New York, vacated the premises in October 2009. The annual loss in rental income will be approximately \$400,000. The Company is actively seeking through brokers tenants to occupy the vacated space.

The leases with the Company's landlords at the Jowein building in Brooklyn, New York, expire on April 30, 2010. The Company is committed to return the premises in the condition the Company received it, taking into account normal wear and tear. At this time we are only able to estimate that the costs required to separate the building will range between \$700,000 and \$1,200,000. The loss in cash flow to the Company will be insignificant when compared to the fiscal 2009 cash flow.

On August 12, 2009, a tenant in our Bond Street building in Brooklyn, New York filed for Chapter 11 protection. This tenant is expected to account for 1.66% of our projected annual income for the year ending July 31, 2010. While we cannot ascertain what the effect of this filing will be on the Company, cash flows would be adversely affected by approximately \$23,000 per month should the tenant reject the lease and vacate the premises.

In September 2009, the Company entered into a lease agreement with a drive-in restaurant at the Company's Massapequa premises. The drive-in restaurant intends to construct a new building. The tenant's occupancy is subject to it receiving the necessary building permits and licenses to construct the building and open for business within a reasonable time period. Rent is anticipated to commence in late 2010. This will replace the tenant that vacated the premises in April 2009. The rental income from this lease agreement will more than offset the rental income lost from the previous tenant.

Cash Flows From Operating Activities:

A tenant at the Company's Jowein building in Brooklyn, New York paid the rent in advance to the end of the lease term which is April 2010. The amount paid in advance as of October 31, 2009 was \$178,840.

-14-

Cash Flows From Investing Activities:

The Company had expenditures of \$161,069 in the three months ended October 31, 2009 for the construction of two new elevators. The total cost of the project was \$1,270,607, of which \$850,000 was financed by a bank. The project was completed in August 2009.

Cash Flows From Financing Activities:

Borrowing: The Company drew down an additional \$850,000 on its multiple draw term loan to finance two new elevators at the Company's Bond Street building in Brooklyn, New York. (See Note 7(d) to the Condensed Consolidated Financial Statements.)

Quantitative and Qualitative Disclosures About Market Risks:

The Company uses both fixed-rate and variable-rate debt to finance its capital requirements. These transactions expose the Company to market risk related to changes in interest rates. The Company does not use derivative financial instruments. At October 31, 2009, the Company had fixed-rate debt of

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

\$10,918,358 and variable-rate debt of \$200,000. Because of the Jowein building, Brooklyn, New York loan (presently with a balance of \$200,000), if interest rates were to change 100 basis points, the effect on net income from operations and future cash flows would be a decrease, should the rates increase, or an increase, should the rates decline, of \$2,000 for this loan.

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 securities 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 consult any additional disclosures we make in proxy statements, Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Current Reports on Form 8-K filed with the Securities and Exchange Commission.

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

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, 2009, 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.

Our Accounting Department is comprised of four persons. Due to such a limited number of persons, a complete segregation of all of the duties as to which the department is responsible is not possible. In order to make sure that the inability to segregate all duties does not affect our timely and accurate financial reporting, we need to remain vigilant in maintaining compensating controls. These compensating controls will continue to be monitored in order to assure us that our internal controls over financial reporting remain at a high level despite the limited number of Accounting Department personnel.

-16-

Part II - Other Information

Item 6 - Exhibits and Reports on Form 8-K

(a) List of Exhibits:

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

(b) Reports on Form 8-K - One report on Form 8-K was filed by the

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

registrant during the three months ended October 31, 2009.

Items reported:

The Company reported its financial results for the three and twelve months ended July 31, 2009.

Date of report filed - October 8, 2009.

-17-

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 9, 2009

Lloyd J. Shulman

Lloyd J. Shulman
President
Chief Executive Officer

Date December 9, 2009

Mark S. Greenblatt

Mark S. Greenblatt
Vice President
Chief Financial Officer

-18-

EXHIBIT 31.1

CERTIFICATION

I, Lloyd J. Shulman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of J.W. Mays, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

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

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2009

/s/ Lloyd J. Shulman

Lloyd J. Shulman
President
Chief Executive Officer

CERTIFICATION

I, Mark S. Greenblatt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of J.W. Mays, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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

Date: December 9, 2009

/s/ Mark S. Greenblatt

Mark S. Greenblatt
Vice President
Chief Financial Officer

-20-

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

In connection with the Quarterly Report of J. W. Mays, Inc. (the "Company") on Form 10-Q for the period ending October 31, 2009 as filed with the Securities and Exchange Commission (the "Report"), we, Lloyd J. Shulman and Mark S. Greenblatt, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

December 9, 2009

/s/ Lloyd J. Shulman

Lloyd J. Shulman
Chief Executive Officer

/s/ Mark S. Greenblatt

Mark S. Greenblatt
Chief Financial Officer

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

A signed original of this written statement required by Section 906 has been provided to J.W. Mays, Inc. and will be retained by J. W. Mays, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

-21-