

GYRODYNE CO OF AMERICA INC

Form 10-Q

November 15, 2010

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2010

OR

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 0-1684

Gyrodyne Company of America, Inc.

(Exact name of registrant as specified in its charter)

New York

11-1688021

(State or other jurisdiction of incorporation or organization)

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

1 Flowerfield, Suite 24, St. James, NY 11780

(Address and Zip Code of principal executive offices)

(631) 584-5400

(Registrant's telephone number, including area code)

(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. (CHECK ONE):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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(Do not check if a 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

On November 10, 2010, 1,290,039 shares of the Registrant's common stock, par value \$1.00 per share, were outstanding.

1

INDEX TO QUARTERLY REPORT OF GYRODYNE COMPANY OF AMERICA, INC.
QUARTER ENDED SEPTEMBER 30, 2010

	Seq. Page
Form 10-Q Cover	1
Index to Form 10-Q	2
PART I - FINANCIAL INFORMATION	3
Item 1. Financial Statements.	3
Consolidated Balance Sheets as of September 30, 2010 (unaudited) and December 31, 2009	3
Consolidated Statements of Operations	4
Consolidated Statements of Comprehensive Income (Loss)	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.	13
	20
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	
Item 4. Controls and Procedures.	21
PART II - OTHER INFORMATION	21
Item 1. Legal Proceedings.	21
Item 6. Exhibits.	22
SIGNATURES	23
EXHIBIT INDEX	24

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

GYRODYNE COMPANY OF AMERICA, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	September 30, 2010 (Unaudited)	December 31, 2009
REAL ESTATE		
Rental property:		
Land	\$5,139,018	\$5,079,017
Building and improvements	31,784,211	30,612,143
Machinery and equipment	280,636	277,072
	37,203,865	35,968,232
Less accumulated depreciation	4,300,951	3,701,200
	32,902,914	32,267,032
Land held for development:		
Land	558,466	558,466
Land development costs	1,457,159	1,366,963
	2,015,625	1,925,429
Total real estate, net	34,918,539	34,192,461
Cash and Cash Equivalents	755,593	868,786
Investments - Other	-	203,000
Rent Receivable, net of allowance for doubtful accounts of \$109,000 and \$92,000, respectively	118,449	83,918
Deferred Rent Receivable	68,399	59,922
Prepaid Expenses and Other Assets	865,947	696,918
Total Assets	\$36,726,927	\$36,105,005
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable	\$595,527	\$995,665
Accrued liabilities	408,235	298,120
Deferred rent liability	82,171	53,348
Tenant security deposits payable	486,459	474,210
Loans payable	19,590,620	18,164,266
Deferred income taxes	1,206,000	1,206,000
Pension liability	452,030	279,655
Other liabilities	157,851	-
Total Liabilities	22,978,893	21,471,264
Commitments and Contingencies		

STOCKHOLDERS' EQUITY:

Common stock, \$1 par value; authorized 4,000,000 shares; 1,531,247 shares issued; 1,290,039 shares outstanding, respectively	1,531,247	1,531,247
Additional paid-in capital	7,978,234	7,978,234
Accumulated other comprehensive loss	(1,464,532)	(1,306,681)
Balance of undistributed income other than gain or loss on sales of properties	7,240,782	7,968,638
	15,285,731	16,171,438
Less cost of shares of common stock held in treasury; 241,208	(1,537,697)	(1,537,697)
Total Stockholders' Equity	13,748,034	14,633,741
Total Liabilities and Stockholders' Equity	\$36,726,927	\$36,105,005

See notes to consolidated financial statements

GYRODYNE COMPANY OF AMERICA, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine Months Ended September 30		Three Months Ended September 30,	
	2010	2009	2010	2009
Revenues				
Rental income	\$3,650,138	\$3,074,115	\$1,248,784	\$1,150,921
Tenant reimbursements	490,056	397,127	170,439	141,498
Total	4,140,194	3,471,242	1,419,223	1,292,419
Expenses				
Rental expenses	1,650,381	1,432,134	538,290	515,099
General and administrative expenses	1,729,943	1,970,570	604,672	653,171
Condemnation expense	53,361	1,018,700	53,361	561,069
Depreciation	599,751	490,376	203,074	192,768
Total	4,033,436	4,911,780	1,399,397	1,922,107
Other Income (Expense):				
Interest income	1,331	123,202	23	9,097
Realized gain on marketable securities	-	159,805	-	35,956
Interest expense	(835,945)	(678,268)	(296,928)	(260,600)
Total	(834,614)	(395,261)	(296,905)	(215,547)
Loss Before Benefit for Income Taxes	(727,856)	(1,835,799)	(277,079)	(845,235)
Benefit for Income Taxes	-	(4,140,939)	-	(13,939)
Net (Loss) Income	\$(727,856)	\$2,305,140	\$(277,079)	\$(831,296)
Net (Loss) Income Per Common Share:				
Basic and Diluted	\$(0.56)	\$1.79	\$(0.21)	\$(0.64)
Weighted Average Number Of Common Shares Outstanding:				
Basic and Diluted	1,290,039	1,290,039	1,290,039	1,290,039

See notes to consolidated financial statements

GYRODYNE COMPANY OF AMERICA, INC.

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	Nine Months Ended September 30,	
	2010	2009
Net (loss) income	\$(727,856)	\$2,305,140
Other Comprehensive loss:		
Unrealized loss on interest rate swap	(157,851)	-
Other Comprehensive loss	(157,851)	-
Comprehensive (loss) income	\$(885,707)	\$2,305,140

See notes to consolidated financial statements

GYRODYNE COMPANY OF AMERICA, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$(727,856)	\$2,305,140
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	629,269	500,323
Bad debt expense	18,000	18,000
Net periodic pension benefit cost	172,375	214,639
Realized gain on marketable securities	-	(159,805)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		