

GYRODYNE CO OF AMERICA INC  
Form 10-Q  
August 14, 2015

**FORM 10-Q**

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 2015

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)

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(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

(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 August 13, 2015, 3,706,700 shares of the Registrant's common stock, par value \$1.00 per share, were outstanding.

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QUARTER ENDED JUNE 30, 2015

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**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements.****GYRODYNE COMPANY OF AMERICA, INC.****AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

<u>ASSETS</u>	June 30, 2015 (Unaudited)	December 31, 2014
<b>REAL ESTATE</b>		
Rental property:		
Land	\$ 1,733,693	\$ 1,733,693
Building and improvements	11,599,737	11,368,097
Machinery and equipment	344,733	344,733
	13,678,163	13,446,523
Less accumulated depreciation	5,049,861	4,887,339
	8,628,302	8,559,184
Land held for development:		
Land	558,466	558,466
Land development costs	2,016,630	1,958,395
	2,575,096	2,516,861
Total real estate, net	11,203,398	11,076,045
Assets held for sale	21,968,095	22,189,950
Cash and cash equivalents	8,012,484	4,028,337
Investment in marketable securities	5,448,788	5,950,098
Rent receivable, net of allowance for doubtful accounts of approximately \$53,000 and \$81,000, respectively	22,149	2,782
Deferred rent receivable	64,585	53,140
Prepaid expenses and other assets	530,292	576,012
Total Assets	\$47,249,791	\$43,876,364
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$529,591	\$724,641
Accrued liabilities	256,245	220,573
Deferred rent liability	82,192	16,673
Tenant security deposits payable	249,428	246,702
Liabilities related to assets held for sale	296,045	374,408
Income taxes payable	57,500	750,000

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Pension costs	1,936,214	552,546
Notes payable	17,936,960	17,533,210
Total Liabilities	21,344,175	20,418,753
Commitments and contingencies		
EQUITY:		
Common stock, \$1 par value; authorized 4,000,000 shares; 3,947,908 and 1,723,888 shares issued at June 30, 2015 and December 31, 2014, respectively; 3,706,700 and 1,482,680 shares outstanding at June 30, 2015 and December 31, 2014, respectively	3,947,908	1,723,888
Additional paid-in capital	21,153,809	17,753,505
Accumulated other comprehensive loss	(2,199,424 )	(633,682 )
Deficit	(9,791,842 )	(9,653,951 )
	13,110,451	9,189,760
Less cost of shares of common stock held in treasury; 241,208	(1,537,697 )	(1,537,697 )
Total Gyrodyne Stockholders' Equity	11,572,754	7,652,063
Non-controlling interest in GSD, LLC	14,332,862	15,805,548
Total equity	25,905,616	23,457,611
Total Liabilities and Equity	\$47,249,791	\$43,876,364

**See notes to condensed consolidated financial statements**

**GYRODYNE COMPANY OF AMERICA, INC.****AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(UNAUDITED)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2015	2014	2015	2014
Revenues				
Rental income	\$ 1,128,484	\$ 1,184,742	\$ 565,505	\$ 572,783
Rental income - tenant reimbursements	150,239	178,862	57,848	62,216
Total	1,278,723	1,363,604	623,353	634,999
Expenses				
Rental expenses	783,568	766,122	368,825	345,525
General and administrative expenses	1,265,500	1,150,366	621,991	579,616
Strategic alternative expenses	505,933	872,541	306,058	534,799
Depreciation	162,523	161,999	82,582	80,787
Impairment charges	-	200,000	-	200,000
Insurance claim recoveries in excess of costs	(7,459 )	-	(7,459 )	-
Total	2,710,065	3,151,028	1,371,997	1,740,727
Other Income (Expense):				
Interest income	59,185	45,924	28,651	22,092
Interest expense	(439,171 )	(336,346 )	(220,006 )	(201,808 )
Total	(379,986 )	(290,422 )	(191,355 )	(179,716 )
Net Loss before Provision for Income Taxes	(1,811,328)	(2,077,846)	(939,999 )	(1,285,444)
Provision for Income Taxes	70,500	-	48,400	-
Net loss from continuing operations	(1,881,828)	(2,077,846)	(988,399 )	(1,285,444)
Discontinued Operations				
Income from discontinued operations attributable to Gyrodyne	-	-	-	-
Income from discontinued operations attributable to non-controlling interest	271,251	255,920	142,339	135,176
Net loss	(1,610,577)	(1,821,926)	(846,060 )	(1,150,268)
Net loss from Non-Controlling Interest in GSD, LLC	(1,472,686)	(1,780,113)	(771,094 )	(1,096,383)
Net loss Attributable to Gyrodyne	\$(137,891 )	\$(41,813 )	\$(74,966 )	\$(53,885 )
Net loss attributable to Gyrodyne per common share:				
From continuing operations	\$(0.09 )	\$(0.03 )	\$(0.05 )	\$(0.04 )
From discontinued operations	0.00	0.00	0.00	0.00
Total loss - Basic and diluted	\$(0.09 )	\$(0.03 )	\$(0.05 )	\$(0.04 )

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Weighted average number of common shares outstanding:

Basic and diluted	1,531,830	1,482,680	1,580,439	1,482,680
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**See notes to condensed consolidated financial statements**

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**GYRODYNE COMPANY OF AMERICA, INC.**

**AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS)**

(UNAUDITED)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2015	2014	2015	2014
Net loss attributable to Gyrodyne	\$(137,891 )	\$(41,813)	\$(74,966)	\$(53,885)
Unrealized (loss) gain on investments	(48,497 )	58,318	(89,600)	28,335
Unrecognized actuarial pension loss	(1,517,245)	-		