

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
(State or other jurisdiction of incorporation or organization)

11-1688021
(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 x No o

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 o No o

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 o
Non-accelerated filer o

Accelerated filer o
Smaller reporting company x

Edgar Filing: GYRODYNE CO OF AMERICA INC - Form 10-Q

(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
Item 3. Quantitative and Qualitative Disclosures About Market Risk.	20
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:		
Rent receivable	(52,531)	(34,703)
Deferred rent receivable	(8,477)	-
Interest receivable	-	48,302
Prepaid expenses and other assets	(132,852)	(247,936)
(Decrease) increase in liabilities:		
Accounts payable	(400,138)	733,181
Accrued liabilities	110,115	158,073
Deferred rent liability	28,823	-
Deferred income taxes	-	(4,140,939)
Pension liability	-	(200,000)
Tenant security deposits	12,249	88,781
Total adjustments	376,833	(3,022,084)
Net cash used in operating activities	(351,023)	(716,944)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of medical office buildings	(728,829)	(13,022,966)
Costs associated with property, plant and equipment	(518,379)	(1,504,469)
Proceeds from sale of marketable securities	-	8,163,813
Land development costs	(90,196)	(121,154)
Proceeds (investments) in interest bearing time deposits	203,000	(202,011)
Principal repayments on investment in marketable securities	-	295,454
Net cash used in investing activities	(1,134,404)	(6,391,333)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable	1,750,000	8,000,000
Principal payments on loans payable	(323,646)	(283,821)
Loan origination fees paid	(54,120)	33,706
Net cash provided by financing activities	1,372,234	7,749,885
Net (decrease) increase in cash and cash equivalents	(113,193)	641,608
Cash and cash equivalents at beginning of period	868,786	1,205,893
Cash and cash equivalents at end of period	\$755,593	\$1,847,501

Supplemental cash flow information:

Interest paid	\$835,945	\$678,268
---------------	-----------	-----------

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The Company:

Gyrodyne Company of America, Inc. (“Gyrodyne” or the “Company”) is a self-managed and self-administered real estate investment trust (“REIT”) formed under the laws of the State of New York. The Company operates in one segment. The Company’s primary business is the investment in and the acquisition, ownership and management of a geographically diverse portfolio of medical office and industrial properties and development of industrial and residential properties. Substantially all of the Company’s rental properties are subject to net leases in which the tenant must reimburse Gyrodyne for a portion of or all or substantially all of the costs and/ or cost increases for utilities, insurance, repairs and maintenance, and real estate taxes.

As of September 30, 2010, the Company had 100% ownership in three medical office parks comprising approximately 130,000 rentable square feet and a multitenant industrial park comprising 127,062 rentable square feet. In addition, the Company has 68 acres of property located in St. James, New York, approximately 10 of which are utilized by the industrial park and the balance remains undeveloped. Furthermore, the Company has a 9.99% limited partnership interest in an undeveloped Florida property (“the Grove”).

The Company has qualified, and expects to continue to qualify as a REIT under Section 856(c)(1) of the Internal Revenue Code of 1986 as amended (the “Code”). Accordingly, the Company generally will not be subject to federal and state income tax, provided that distributions to its shareholders equal at least 90% of its REIT taxable income as defined under the Code. The Company is permitted to participate in certain activities which do not qualify as REIT eligible activities. These activities must be conducted in an entity which elected to be treated as a taxable REIT subsidiary (“TRS”) under the Code in order for the Company to maintain its qualifications as a REIT. The Company has one taxable REIT subsidiary which will be subject to federal and state income tax on the income from these activities.

2. Basis of Quarterly Presentations:

The accompanying quarterly financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“GAAP”). The financial statements of the Company included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and, in the opinion of management, reflect all adjustments which are necessary to present fairly the results for the three and nine-month periods ended September 30, 2010 and 2009.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading.

This report should be read in conjunction with the audited financial statements and footnotes therein included in the Annual Report on Form 10-K for the year ended December 31, 2009.

The results of operations for the three and nine-month periods ended September 30, 2010 are not necessarily indicative of the results to be expected for the full year.

3. Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

4. Investment in Marketable Securities:

The Company's marketable securities consisted of debt securities classified as available-for-sale and are reported at fair value, with the unrealized gains and losses excluded from operating results and reported as a separate component of stockholders' equity net of the related tax effect. These debt securities consisted of hybrid mortgage-backed securities fully guaranteed by agencies of the U.S. Government and were managed by and held in an account with a major financial institution. During the quarter ended September 30, 2010, the Company did not hold any marketable securities.

5. Earnings per Share:

Basic earnings per common share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share give effect to stock options and warrants which are considered to be dilutive common stock equivalents. Basic income (loss) per common share was computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding. Treasury shares have been excluded from the weighted average number of shares. The Company does not have any outstanding Common Stock equivalents as of September 30, 2010.

6. Income Taxes:

Deferred income tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

7. Loans Payable:

Loans payable are comprised of the following:

	September 30, 2010 (Unaudited)	December 31, 2009
Mortgage payable - Port Jefferson Professional Park (a)	\$ 5,250,436	\$ 5,323,205
Mortgage payable - Cortlandt Medical Center (b)	4,795,000	4,935,000
Mortgage payable – Fairfax Medical Center (c)	7,795,184	7,906,061
Revolving line of credit (related party) – Flowerfield Industrial Park (d) (note 14)	1,750,000	-
Total	\$ 19,590,620	\$ 18,164,266

(a) In June 2007, in connection with the purchase of ten office buildings in the Port Jefferson Professional Park (the “Port Jefferson Buildings”) in Port Jefferson Station, New York, the Company assumed a \$5,551,191 mortgage payable to a bank (the “Mortgage”). The Mortgage bears interest at 5.75% through February 1, 2012 and adjusts to the higher of 5.75% or 275 basis points in excess of the Federal Home Loan Bank’s five year Fixed Rate Advance thereafter. The Mortgage is collateralized by the Port Jefferson Buildings and matures on February 1, 2022.

(b) In June 2008, in connection with the purchase of the Cortlandt Medical Center, in Cortlandt Manor, New York, the Company borrowed \$5,250,000 from a bank (the “Cortlandt Mortgage”). The Cortlandt Mortgage originally bore interest at a per annum rate of 225 basis points above the one month LIBOR rate through maturity on July 1, 2018, subject to monthly adjustment. The Cortlandt Mortgage is collateralized by the Cortlandt Medical Center. As part of the terms and conditions of the Cortlandt Mortgage, the Company exercised an option to enter into an interest rate swap agreement in November 2008 thereby fixing the interest rate at 5.66% through November 1, 2011. The Company is accounting for the interest rate swap as a cash flow hedge. As of September 30, 2010, the estimated fair value of the Interest Rate Swap is a liability of \$157,851, and is presented in Other Liabilities on the balance sheet. Changes in the estimated fair value of the interest rate swap are reported in Other Comprehensive Income. Based on the valuation as of September 30, 2010, approximately \$145,708 of the Interest rate swap will be recognized as interest expense within the next twelve months.

(c) In March 2009, in connection with the purchase of the Fairfax Medical Center in Fairfax, Virginia, by Virginia Healthcare Center, LLC (“VHC”), a wholly-owned subsidiary of the Company, VHC borrowed \$8,000,000 from a bank (the “Fairfax Mortgage”). The Fairfax Mortgage bears interest at 5.875% through April 10, 2014 and thereafter adjusts to the higher of 5.50% or 300 basis points over the weekly average yield on five-year United States Treasury securities. The Fairfax Mortgage is collateralized by a Deed of Trust and Security Agreement establishing a first trust lien upon the land, buildings and improvements as well as a Collateral Assignment of Leases and Rents and matures on April 10, 2019. The payment of the indebtedness evidenced by the Fairfax Mortgage and the performance by VHC of its obligations thereunder has been guaranteed by the Company.

(d) The Company's revolving line of credit (“Revolver”) had a borrowing limit of \$1,750,000, bearing interest at the lending institution's prime-lending rate (3.25% at September 30, 2010) plus 1%. The Revolver is secured by certain

real estate and expires on June 1, 2011. On April 30, 2010, the Company negotiated the assignment of the note and related mortgage associated with the Revolver to a new lender and simultaneously reached an agreement with the new lender to modify or eliminate certain covenants and increase the interest rate from prime plus 1% to prime plus 3.25% with a floor of 6.5%. The Revolver is secured by approximately 35.1 acres of the Flowerfield Industrial Park including the respective buildings and related leases. As of September 30, 2010, the Company borrowed \$1,750,000 under the Revolver and was in compliance with the financial and non-financial covenants.

8. Retirement Plans:

The Company sponsors a Defined Benefit Retirement Plan for substantially all of its employees and records net periodic pension benefit cost pro rata throughout the year. The following table provides the components of net periodic pension benefit cost for the plan for the three and nine-months ended September 30, 2010 and 2009:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2010	2009	2010	2009
Pension Benefits				
Service Cost	\$ 126,279	\$ 102,852	\$ 42,093	\$ 34,284
Interest Cost	120,624	111,655	40,208	37,218
Expected Return on Plan Assets	(142,707)	(87,911)	(47,569)	(29,304)
Amortization of Actuarial Loss	68,178	88,043	22,726	29,348
Net Periodic Benefit Cost After Curtailments and Settlements				
	\$ 172,374	\$ 214,639	\$ 57,458	\$ 71,546

During the nine-months ended September 30, 2010, the Company did not make any contribution to the plan. The Company does not have a minimum required contribution for the December 31, 2010 plan year, and is not expecting to make a contribution for the related plan year.

9. Commitments and Contingencies:

Lease revenue commitments - The approximate future minimum revenues from rental property under the terms of all noncancellable tenant leases, assuming no new or renegotiated leases are executed for such premises, are as follows:

Twelve Months Ending September 30,	Amount
2011	\$ 4,035,000
2012	2,532,000
2013	2,061,000
2014	1,524,000
2015	1,024,000
Thereafter	2,574,000
	\$ 13,750,000

Employment agreements – The Company has employment agreements with two officers that provide for annual salaries aggregating approximately \$397,000 and other benefits in the event of a change in control, termination by the Company without cause or termination by the officer for good reason (the “Employment Agreements”). On June 12, 2009, the Company and its two officers mutually agreed to terminate the automatic extension provisions of the Employment Agreements. As a result, the term of the Employment Agreements ends on June 12, 2012.

The Compensation arrangements between the Company and the Company’s Chief Financial Officer, are set forth in an Offer Letter and a Deferred Bonus Agreement, each executed on October 22, 2009 (collectively, the “Agreement”) aggregating \$233,000, annually.

Condemnation lawsuit - On June 30, 2010, the Court of Claims of the State of New York announced its decision in the Company’s case for just compensation for the 245.5 acres (the “Property”) of its Flowerfield property requiring the State

to pay the Company an additional \$98,685,000. Under New York's eminent domain law (the "EDPL") and in the decision issued by the Court of Claims of the State of New York, the Company is also entitled, subject to EDPL Section 514, to statutory interest on the additional amount at a rate not to exceed the statutory rate of nine percent (9%) per annum from November 2, 2005, the date of the taking, to the date of payment. Additionally, a motion under EDPL Section 701 the Company on September 4, 2010 submitted to the Court seeking reimbursement of costs and expenses incurred by the Company including attorneys' fees and costs in the amount of \$1,474,191.18. On October 7, 2010, the State submitted an Affirmation to the Court in partial opposition to the Company's motion for reimbursement of costs and expenses, and on October 12, 2010, the Company filed its reply brief.

On September 7, 2010, the State filed a Notice of Appeal to the Appellate Division of the Supreme Court, Second Department, from the judgment of the Court of Claims entered in favor of the Company for \$125 million plus statutory interest through the date of payment. Under the Rules of Procedure of the Appellate Division, Second Department, an appellant is allowed up to six months from the date of its notice to appeal to perfect the appeal and file its brief. Therefore, barring an extension given to the State for cause, the State's brief will be due not later than March 7, 2011.

As a result, the amount of a final award and the timing of payment are unknown at this time. The Company will continue to pursue its rights vigorously, seeking payment in accordance with the Court's decision and any further determinations.

The Company did not record the impact of the ruling in the Balance Sheet or Statement of Operations as the amount of a final award and the timing of payment are unknown at this time.

10. Acquisition of Properties:

Property Purchase – On May 20, 2010, the Company closed on the purchase of the land and building located at 1989 Crompond Road, Cortlandt Manor, New York (the "Property"). The Property consists of approximately 2,500 square feet of rentable space on 1.6 acres. The purchase price for the Property was approximately \$720,000 and the purchase has resulted in the Company owning approximately three acres directly in front of the Cortlandt Medical Center. The Company financed approximately 90% of the purchase price utilizing its revolving credit facility.

11. Recent Accounting Pronouncements:

In April 2009, the FASB issued ASC 825-10 and ASC 270-10-05-05-1 (formerly Staff Position No. 107-1 and APB 28-1), Interim Disclosures about Fair Value of Financial Instruments, or FSP FAS 107-1 and APB 28-1. ASC 825-10 and ASC 270-10-05-05-1 amends FAS 107, Disclosures about Fair Value of Financial Instruments ("FAS No. 107"), to require an entity to provide disclosures about fair value of financial instruments in interim financial information and amends APB Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. Under ASC 825-10 (formerly FAS 107-1 and APB 28-1), a publicly-traded company shall include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. In addition, entities must disclose, in the body or in the accompanying notes of its summarized financial information for interim reporting periods and in its financial statements for annual reporting periods, the fair value of all financial instruments for which it is practicable to estimate that value, whether recognized or not recognized in the statement of financial position, as required by ASC 825-10 and ASC 270-05-05-1 (formerly FAS No. 107, FSP FAS 107-1 and APB 28-1) are effective for interim and annual reporting periods ending after June 15, 2009. The Company adopted this pronouncement on July 1, 2009. The adoption did not have a material effect on the Company's financial position or results of operations.

In April 2009, the FASB issued ASC 320-10-65-1 (formerly Staff Position No. 115-2 and FAS 124-2), Recognition and Presentation of Other-Than- Temporary Impairments, or FSP FAS 115-2 and FAS 124-2. ASC 320-10-65-1 (i) changes existing guidance for determining whether an impairment is other than temporary to debt securities and (ii) replaces the existing requirement that the entity's management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert: (a) it does not have the intent to sell the security; and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. Under ASC 320-10-65-1, declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. ASC 320-10-65-1 is effective for interim and annual reporting periods ending after June 15, 2009. The Company adopted this pronouncement on July 1, 2009. The adoption did not have a material effect on the Company's financial position or results of operations.

In April 2009, the FASB issued ASC 820-10-65-4 (formerly Staff Position No. FAS 157-4), Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly. ASC 820-10-65-4 affirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction, and clarifies and

includes additional factors for determining whether there has been a significant decrease in market activity for an asset when the market for that asset is not active. ASC 820-10-65-4 requires an entity to base its conclusion about whether a transaction was not orderly on the weight of the evidence. ASC 820-10-65-4 also amended ASC 820-10 (formerly FAS No. 157) to expand certain disclosure requirements. ASC 820-10-65-4 is effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. The Company adopted this pronouncement on July 1, 2009. The adoption did not have a material effect on the Company's financial position or results of operations.

In April 2009, the FASB issued ASC 805-10, 805-20 and 805-30 (formerly FASB Staff Position No. 141(R)-1), Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies, to amend and clarify ASC 805 (formerly FAS No. 141(R), FSP 141(R)-1). ASC 805-10, 805-20 and 805-30 require an acquirer to recognize at fair value, at the acquisition date, an asset acquired or a liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of that asset or liability can be determined during the measurement period. If the fair value cannot be determined during the measurement period, an asset or a liability shall be recognized at the acquisition date if the asset or liability can be reasonably estimated and if information available before the end of the measurement period indicates that it is probable that an asset existed or that a liability had been incurred at the acquisition date. ASC 805-10, 805-20 and 805-30 amend the disclosure requirements of ASC 805 to include business combinations that occur either during the current reporting period or after the reporting period but before the financial statements are issued. ASC 805-10, 805-20 and 805-30 are effective for fiscal years beginning after December 15, 2008 and interim periods within those years. The Company adopted this pronouncement on January 1, 2009. The adoption did not have a material effect on the Company's financial position or results of operations

In May 2009, the FASB issued ASC 855-10 (formerly Statement No. 165, "Subsequent Events" ("FAS 165")), which establishes general standards of accounting for, and requires disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company adopted the provisions of ASC 855-10 for the quarter ended June 30, 2009. The adoption did not have a material effect on the Company's financial position or results of operations.

In June 2009, the FASB issued ASC 105-10 (formerly Statement No. 168 ("FAS168")), "The FASB Accounting Standard Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162" ("FAS162"). ASC 105-10 replaces FAS 162 "The Hierarchy of Generally Accepted Accounting Principles" and establishes the "FASB Accounting Standard Codification" (Codification) as a source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles in the United States. The codification does not change current GAAP, but changes the referencing of financial standards, and is intended to simplify user access to authoritative GAAP by providing all the authoritative literature related to a particular topic in one place. All guidance contained in the Codification carries an equal level of authority. On the effective date of ASC 105-10, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the Codification will become nonauthoritative. ASC 105-10 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company adopted this pronouncement for the quarter ended September 30, 2009. The adoption did not have a material effect on the Company's financial position or results of operations.

In January 2010, the FASB issued an Accounting Standards Update ("ASU") 2010-06 – "Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"). The provisions of ASU 2010-06 amended Topic 820-10, "Fair Value Measurement and Disclosure". The amendment requires a description of any transfers in and out of Level 1 and Level 2 of the fair-value hierarchy and the reasons for the transfers. The amendment provides for further disclosure on the valuation techniques and inputs relied upon to measure fair value for both recurring and non recurring fair value measurements as they relate to either Level 2 or Level 3. The updates included conforming amendments to the guidance on disclosures for postretirement benefit plans. The Company adopted the pronouncement for the quarter ended March 31, 2010. The adoption did not have a material effect on the Company's financial position or results of operations.

In January 2010, the FASB issued ASU 2010-01, a new accounting standard "Accounting for Distributions to Shareholders with Components of Stock and Cash." The guidance clarifies that the companies should consider the stock portion of a distribution as a stock issuance and not as a stock dividend. The new standard is effective for fiscal

years and interim periods ending after December 15, 2009 and should be applied on a retrospective basis. The Company's adoption of the new standard did not have a material effect on the Company's financial position or results of operations.

In February 2010, the FASB issued ASU 2010-09, "Subsequent Events (ASC Topic 855) Amendments to Certain Recognition and Disclosure requirements". ASU 2010-09 requires SEC filers to evaluate subsequent events through the date the financial statements are issued and removes the requirement to disclose a date in both issued and revised financial statements through which subsequent events were evaluated. The Company adopted the pronouncement for the fiscal year and interim periods ending after September 30, 2009. The adoption did not have a material effect on the Company's financial position or results of operations.

In April, 2010, the FASB issued ASU 2010-12, "Accounting for Certain Tax Effects of the 2010 Health Care Reform Acts". The guidance clarifies that the Company may incorporate the same effective date for adopting both the effects of the Health Care and Education Reconciliation Act of 2010 and the Patient Protection and Affordable Care Act (collectively, Healthcare Legislation). The Company adopted the pronouncement for the quarter ended June 30, 2010. The Company's adoption of the new standard did not have a material effect on the Company's financial position or results of operations.

In July, 2010, the FASB issued ASU 2010-20, "Receivables (ASC Topic 310) Disclosure about the Credit Quality of Financing Receivables and the Allowance for Credit Losses". ASU 2010-20 requires additional disclosures to enable financial statement users to evaluate the nature of credit risk in the entity's portfolio of financing receivables, how the risk is analyzed and assessed in arriving at the allowance for doubtful accounts and the changes in the allowance for such credit losses. The new standard is effective for fiscal years and interim periods ending after December 15, 2010 and should be applied on a prospective basis. The Company believes the adoption will not have a material effect on the Company's financial position or results of operations.

12. Fair Value of Financial Instruments:

Assets and Liabilities Measured at Fair-Value – The Company follows authoritative guidance on fair value measurements, which defines fair-value, establishes a framework for measuring fair-value, and requires certain disclosures about fair-value measurements. The guidance applies to reported balances that are required or permitted to be measured at fair-value under existing accounting pronouncements; accordingly, the standard does not require any new fair-value measurements of reported balances.

The Company follows authoritative guidance on the fair value option for financial assets, which permits companies to choose to measure certain financial instruments and other items at fair-value in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently. However, we have not elected to measure any additional financial instruments and other items at fair-value (other than those previously required under other GAAP rules or standards) under the provisions of this standard.

The guidance emphasizes that fair-value is a market-based measurement, not an entity-specific measurement. Therefore, a fair-value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair-value measurements, ASC Topic 820 establishes a fair-value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). In instances where the determination of the fair-value measurement is based on inputs from different levels of the fair-value hierarchy, the level in the fair-value hierarchy within which the entire fair-value measurement falls is based on the lowest level input that is significant to the fair-value measurement in its entirety. Our assessment of the significance of a particular input to the fair-value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The following table represents the carrying value and fair value of the Company's financial assets and liabilities as of September 30, 2010 and December 31, 2009, respectively.

Description	September 30, 2010		December 31, 2009	
	Carrying Value	Fair Value (Level 2)	Carrying Value	Fair Value (Level 2)
Other Liabilities	\$ 157,851	\$ 157,851	\$ -	\$ -

Other Liabilities is comprised of an interest rate swap agreement which the Company entered into in November 2008 to fix the interest rate at 5.66% through November 1, 2011, for the underlying mortgage of the Cortlandt Medical Center.

The Company estimates that fair value approximates carrying value for cash equivalents, rents receivable, prepaid and other assets, and accounts payable due to the relatively short maturity of the instruments.

The Company has determined the fair value of its long term debt approximates its book value. The Company based its decision by looking at current rates available based on the Company's estimate for nonperformance and liquidity risk, the Company's loan to value ratio, the maturity of the debt and the underlying security of the debt.

Deferred rent receivables represent the excess of rents recognized over amounts actually due. Likewise, deferred rent payable represents the excess of rents received over amounts actually recognized in revenue. These assets and liabilities have a fair value that approximates book value as a willing buyer would likely adjust the purchase price of Gyrodyne by the balance of such assets and liabilities.

The estimated fair value of the Company's investment in the Callery Judge Grove (the "Grove") property at December 31, 2009, based upon an independent third party appraisal report, is approximately \$17,134,000 without adjustment for minority interest, lack of marketability discount, or the property related secured debt facility, based strictly on a pro rata basis of the Company's ownership percentage. The Grove is a distressed asset operating in a distressed environment where an orderly transaction is not available. The facts and circumstances of the Grove make it unreasonable to present a fair value utilizing a Level 3 methodology, the lowest methodology which allows for broad assumptions, therefore, in accordance with the exception rules for thinly traded/lack of marketability of distressed assets under Topic 820, the Company is not presenting a fair value. The Company is accounting for the investment under the equity method. As of September 30, 2010, the carrying value of the Company's investment was \$0.

13. Risk Management – Use of Derivative instruments:

The Company entered into the Interest Rate Swap (“Swap”) agreement on the mortgage of the Cortlandt Medical Center in November 2008, fixing the interest rate at 5.66% through November 1, 2011. The fair value of the Swap was \$157,851 as of September 30, 2010.

The interest rate swap agreement is considered a derivative instrument. The Company utilized the interest rate swap agreement to minimize the interest rate exposure. The principal objective of such arrangement is to limit the risks and/or costs associated with the Company’s operating structure as well as to hedge the specific transaction. To date, the Company has only one interest rate swap agreement with the purpose of hedging against a rise in LIBOR on the mortgage for the Cortlandt Medical Center. The counter party to the arrangement is the bank which holds the mortgage for the Cortlandt Medical Center. The Company is potentially exposed to credit losses in the event of non-performance by the counterparty. However, the Company does not expect the counterparty to fail to meet its obligations due to the same party holding both the Mortgage and the interest rate Swap Agreement. The Company does not hedge credit or property value market risks through derivative financial instruments.

The Company formally assesses both at inception of the hedge, and on an ongoing basis, whether such derivatives are highly-effective in offsetting changes in cash flows of the hedged item. If management determines that a derivative is not highly-effective as a hedge, or if a derivative ceases to be a highly-effective hedge, the Company will discontinue hedge accounting prospectively. The related ineffectiveness would be charged to the Statement of Operations.

The valuation of these instruments is determined utilizing widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows for the derivative. This analysis includes the contractual terms of the derivative through the maturity date, and utilizes observable market based inputs including interest rate curves and implied volatilities. The fair value of the interest rate swap was based on market standard methodology of netting the discounted future inflows and outflows.

14. Related Party Transactions:

On April 30, 2010, the Company’s then existing lender (the “Bank”) assigned the note and related mortgage associated with the \$1,750,000 line of credit between the Bank and the Company to Asia World Marketplace LLC (“AWM”). Paul Lamb, the Company’s Chairman, serves as the Managing Director of AWM. Additionally, AWM is a client of Lamb & Barnosky, LLP, which represented AWM in this transaction, and which was paid closing fees of \$6,585 directly by the Company. Mr. Lamb is a partner in Lamb & Barnosky, LLP. Simultaneously with the note assignment, the Company executed and delivered to AWM an amended and restated note, the basic terms of which include a floating rate of interest equivalent to the prime rate plus 3.25% with a floor of 6.5% maturing on June 1, 2011. Collateral for the loan consists of approximately 35.1 acres of the Flowerfield Industrial Park including the respective buildings and related rents.

15. Reclassifications:

Certain amounts in the prior period have been reclassified to conform to the classification used in the current period.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

When we use the terms “Gyrodyne,” “the Company,” “we,” “us,” and “our,” we mean Gyrodyne Company of America, Inc. and all entities owned by us, including non-consolidated entities, except where it is clear that the term means only the parent company. References herein to our Quarterly Report are to this Quarterly Report on Form 10-Q for the quarter ended September 30, 2010.

Forward Looking Statements. The statements made in this Form 10-Q that are not historical facts contain “forward-looking information” within the meaning of the Private Securities Litigation Reform Act of 1995, and Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, both as amended, which can be identified by the use of forward-looking terminology such as “may,” “will,” “anticipates,” “expects,” “projects,” “estimates,” “believes,” “seeks,” “could,” “should,” or “continue,” the negative thereof, other variations or comparable terminology. Important factors, including certain risks and uncertainties, with respect to such forward-looking statements that could cause actual results to differ materially from those reflected in such forward-looking statements include, but are not limited to, the effect of economic and business conditions, including risks inherent in the real estate markets of Suffolk and Westchester Counties in New York, Palm Beach County in Florida and Fairfax County in Virginia, the ability to obtain additional capital in order to develop the existing real estate, uncertainties associated with the Company’s litigation against the State of New York for just compensation for the Flowerfield property taken by eminent domain, and other risks detailed from time to time in the Company’s SEC reports. These and other matters the Company discusses in this Quarterly Report, or in the documents it incorporates by reference into this Report, may cause actual results to differ from those the Company describes. The Company assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Overview:

General: We are a self-managed and self-administered real estate investment trust formed under the laws of the State of New York. We operate primarily in one segment. The Company's primary business is the investment in and the acquisition, ownership and management of a geographically diverse portfolio of medical office, industrial and development of industrial and residential properties. Substantially all of our properties are subject to net leases in which the tenant must reimburse Gyrodyne for a portion of or all or substantially all of the costs and /or cost increases for utilities, insurance, repairs and maintenance, and real estate taxes.

As of September 30, 2010 we had 100% ownership in three medical office parks, comprising approximately 130,000 rentable square feet and a multitenant industrial park comprising approximately 127,000 rentable square feet. In addition, the Company has 68 acres of property located in St. James, New York, approximately 10 of which are utilized by the industrial park and the balance remains undeveloped. Furthermore, the Company has a 9.99% limited partnership interest in an undeveloped Florida property called "the Grove".

Our revenues and cash flows are generated predominantly from property rent receipts. As a result, growth in revenues and cash flows is directly correlated to our ability to (1) re-lease suites that are vacant or may become vacant at favorable rates, (2) successfully conclude the condemnation litigation lawsuit, (3) enhance our existing income producing assets through additional investment, and (4) acquire additional income-producing real estate assets.

Our properties are concentrated in New York State and Northern Virginia. We compete with a large number of real estate property owners and developers, some of which may be willing to accept lower returns on their investments. The principal factors of competition are rents charged, attractiveness of location, the quality of the property and breadth and quality of services provided. Our success depends upon, among other factors, trends of the national, regional and local economies, financial condition and operating results of current and prospective tenants and customers, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation and population trends. See "Risk Factors" in Item 1A of our Annual Report on form 10-K for the year ended December 31, 2009 for additional information regarding these factors.

The economic recession and illiquidity and volatility in the financial and capital markets during 2008 and 2009 negatively affected substantially all businesses, including ours. Although signs of an economic recovery in 2010 have emerged, it is not possible for us to quantify the timing and impact of such a recovery, or lack thereof, on our future financial results. Additionally, the Company believes the full impact of the economic downturn has not yet been fully absorbed by the real estate market, partially attributable to the Company's belief that lease commitments spread out the vacancy impact and rent rate impact from an economic downturn.

Global Credit and Financial Crisis: The continued concerns about the impact of a widespread and long term global credit and financial crisis have contributed to market volatility and diminishing expectations for the real estate industry, including the potential depression in our common stock price. The continued progression of our condemnation lawsuit has also added volatility to our common stock price. As a result, our business continues to be impacted by factors including (1) difficulty obtaining financing to renovate or expand our current real estate holdings, (2) difficulty in consummating property acquisitions, (3) increased challenges in re-leasing space, and (4) potential risks stemming from late rental receipts, tenant defaults, or bankruptcies.

Health Care Legislation: The Health Care Legislation will potentially affect medical office real estate due to the direct impact on its tenant base. While the impact is not expected to be immediate due to the multi-year phase in period, medical professionals are reviewing their real estate options which include remaining status quo, increasing tenant space to address a higher volume of patients, or downsizing as a result of combining practices with other professionals. As a result, our business could be impacted by factors including (1) difficulty transitioning doctors to

longer term leases, (2) difficulty raising rates, and (3) increased challenges in re-leasing space.

Business Strategy: We have focused our business strategy during the current financial crisis to strike a balance between preserving capital and improving the market value of our portfolio to meet our long term goal of executing on a liquidity event or series of liquidity events. Included within this strategy are the following objectives:

- actively managing our portfolio to improve our net operating income and operating cash flow from these assets while simultaneously increasing the market values of the underlying operating properties;
 - actively pursuing the re-zoning effort of the Flowerfield property to maximize its value;
 - employing cost-saving strategies to reduce our general and administrative expenses; and
 - diligently managing the condemnation lawsuit.

We believe these objectives will strengthen our business and enhance the value of our underlying real estate portfolio.

Third Quarter 2010 Transaction Summary

The following summarizes our significant transactions and other activity during the three months ended September 30, 2010.

Leasing – We entered into 5 new leases and lease extensions encompassing approximately 8,000 square feet and \$155,842 in annual revenue. Furthermore, we had 4 terminations encompassing approximately 8,000 square feet and \$143,336 in annual revenue. The Company recognized \$75,334 in net tenant deferred revenue.

Our continued focus on re-tenanting vacant space, renewing tenants and transitioning tenants to longer term leases has resulted in total lease commitments as of September 30, 2010 and December 31, 2009 of \$13,750,000 and \$13,137,000, respectively, an increase of \$613,000. The increase in lease commitments is due to the Company experiencing net new and renewal activity in excess of the terminations.

Condemnation lawsuit - On June 30, 2010, the Court of Claims of the State of New York announced its decision in the Company's case for just compensation for the 245.5 acres (the "Property") of its Flowerfield property requiring the State to pay the Company an additional \$98,685,000. Under New York's eminent domain law (the "EDPL") and in the opinion issued by the Court of Claims of the State of New York, the Company is also entitled, subject to EDPL Section 514, to statutory interest on the additional amount at a rate not to exceed the statutory rate of nine percent (9%) per annum from November 2, 2005, the date of the taking, to the date of payment. Additionally, the Company submitted a motion under EDPL Section 701 to the Court on September 4, 2010 seeking reimbursement of costs and expenses incurred by the Company including attorneys' fees and costs in the amount of \$1,474,191.18.

On September 7, 2010, the State filed a Notice of Appeal to the Appellate Division of the Supreme Court, Second Department, from the judgment of the Court of Claims entered in favor of the Company for \$125 million plus statutory interest through the date of payment. Under the Rules of Procedure of the Appellate Division, Second Department, an appellant is allowed up to six months from the date of its notice to appeal to perfect the appeal and file its brief. Therefore, barring an extension given to the State for cause, the State's brief will be due not later than March 7, 2011.

As a result, the amount of a final award and the timing of payment are unknown at this time. The Company will continue to pursue its rights vigorously, seeking payment in accordance with the Court's decision and any further determinations.

The Company has not recorded any gain or loss provision or liability related to this litigation at September 30, 2010 and December 31, 2009, with the exception of accounts payable related to professional fees incurred. Additionally, the ability for the Company to collect from the State of New York will be directly impacted by the states solvency.

Related Party Transactions

On April 30, 2010, the Company's then existing lender (the "Bank") assigned the note and related mortgage associated with the \$1,750,000 line of credit between the Bank and the Company to Asia World Marketplace LLC ("AWM"). Paul Lamb, the Company's Chairman, serves as the Managing Director of AWM. Additionally, AWM is a client of Lamb & Barnosky, LLP, which represented AWM in this transaction, and which was paid closing fees of \$6,585 directly by the Company. Mr. Lamb is a partner in Lamb & Barnosky, LLP. Simultaneously with the note assignment, the Company executed and delivered to AWM an amended and restated note, the basic terms of which include a floating rate of interest equivalent to the prime rate plus 3.25% with a floor of 6.5% maturing on June 1, 2011. Collateral for the loan consists of approximately 35.1 acres of the Flowerfield Industrial Park including the respective buildings and related rents.

During the quarter ended September 30, 2010, the Company had \$1,750,000 under the line of credit and the balance remains outstanding. The Company incurred interest expense for the quarter under this facility of \$28,437.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The consolidated financial statements of the Company include accounts of the Company and all majority-owned and controlled subsidiaries. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the Company's consolidated financial statements and related notes. In preparing these financial statements, management has utilized information available including its past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments of certain amounts included in the consolidated financial statements, giving due consideration to materiality. On a regular basis, we evaluate our assumptions, judgments and estimates. However, application of the critical accounting policies below involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In addition, other companies may utilize different estimates, which may impact comparability of the Company's results of operations to those of companies in similar businesses. We believe there have been no material changes to the items that we disclosed as our critical accounting policies under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report.

Revenue Recognition

Rental revenue is recognized on a straight-line basis, which averages minimum rents over the terms of the leases. The excess of rents recognized over amounts contractually due, if any, is included in deferred rents receivable on the Company's balance sheets. Alternatively, rents received in advance of rents recognized, if any, are included in deferred rent liability on the Company's balance sheet. Certain leases also provide for tenant reimbursements of common area maintenance and other operating expenses and real estate taxes. Ancillary and other property-related income is recognized in the period earned.

Real Estate

Rental real estate assets, including land, buildings and improvements, furniture, fixtures and equipment are recorded at cost. Tenant improvements, which are included in buildings and improvements, are also stated at cost. Expenditures for ordinary maintenance and repairs are expensed to operations as they are incurred. Renovations and/or replacements, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

Depreciation is computed utilizing the straight-line method over the estimated useful life of ten to thirty-nine years for buildings and improvements and three to twenty years for machinery and equipment.

The Company is required to make subjective assessments as to the useful life of its properties for purposes of determining the amount of depreciation to reflect on an annual basis with respect to those properties. These assessments have a direct impact on the Company's net income. Should the Company lengthen the expected useful life of a particular asset, it would be depreciated over more years, and result in less depreciation expense and increased annual net income.

Real estate held for development is stated at the lower of cost or net realizable value. In addition to land, land development and construction costs, real estate held for development includes interest, real estate taxes and related development and construction overhead costs which are capitalized during the development and construction period. Net realizable value represents estimates, based on management's present plans and intentions, of sale price less development and disposition cost, assuming that disposition occurs in the normal course of business.

Long Lived Assets

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is considered to be impaired if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property is less than the carrying value of the property. Such future cash flow estimates consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment occurs, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property.

The Company is required to make subjective assessments as to whether there are impairments in the value of its real estate properties and other investments. These assessments have a direct impact on the Company's net income, since an impairment charge results in an immediate negative adjustment to net income. In determining impairment, if any, the Company has adopted ASC 360-10 (formerly Financial Accounting Standards Board ("FASB") Statement No. 144), "Accounting for the Impairment or Disposal of Long Lived Assets."

Assets and Liabilities Measured at Fair-Value

On January 1, 2008, the Company adopted ASC 820-10 (formerly SFAS No. 157), Fair Value Measurements (“SFAS No. 157”), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair-value measurements. ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

On January 1, 2008, the Company adopted ASC825-10 (formerly SFAS No. 159), The Fair Value Option for Financial Assets and Financial Liabilities, which permits companies to choose to measure certain financial instruments and other items at fair value in order to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently. However, the Company has not elected to measure any additional financial instruments and other items at fair value (other than those previously required under other GAAP rules or standards) under the provisions of this standard.

ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair-value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair-value measurements, ASC 820-10 establishes a fair-value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair-value measurement is based on inputs from different levels of the fair-value hierarchy, the level in the fair-value hierarchy within which the entire fair-value measurement falls is based on the lowest level input that is significant to the fair-value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair-value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company had investments in hybrid mortgage-backed securities, with a AAA rating fully guaranteed by U.S. government agencies (the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation). The fair values of mortgage-backed securities originated by U.S. government agencies are based on a pricing model that incorporates prepayment speeds and spreads to determine appropriate average life of mortgage-backed securities. The spreads are sourced from broker/dealer's trade prices and the new issue market. As the significant inputs used to price the mortgage-backed securities are observable market inputs, the fair values of these securities are included in the Level 2 fair value hierarchy. During the year ended December 31, 2009, the Company liquidated its remaining investments in these hybrid mortgage backed securities.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2010 compared with the Three Months Ended September 30, 2009.

Rental revenues are comprised solely of rental income and amounted to \$1,248,784 and \$1,150,921 for the three months ended September 30, 2010 and 2009, respectively, an increase of \$97,863 or 9%. The increase is primarily comprised of net new and renewed lease rates. The Port Jefferson Medical Center, Cortlandt Manor Medical Center, Fairfax Medical Center and the Flowerfield Industrial Park reflect net new tenants and expansions over the comparable 2009 period, resulting in additional revenue of approximately \$22,000, \$17,000, \$25,000, and \$24,000, respectively. Approximately \$13,000 of the increase in Cortlandt Manor is attributable to the second quarter acquisition of the additional Cortlandt Manor property.

Tenant reimbursements represent expenses negotiated, managed and incurred directly by the Company on behalf of or for the benefit of the tenants. Tenant reimbursements were \$170,439 and \$141,498 for the three months ended September 30, 2010 and 2009, respectively, an increase of \$28,941 or 20%. The increase is primarily comprised of higher billable expenses in 2010 and a more aggressive approach to managing tenant reimbursements.

Rental expenses for the three months ended September 30, 2010 and 2009 were \$538,290 and \$515,099, respectively, an increase of \$23,191 or 5%. Approximately \$40,000 of the increase was attributable to higher maintenance and utility expenses at the Port Jefferson and Cortlandt Manor properties, approximately \$8,000 of which was attributable

to the acquisition of the additional Cortlandt Manor property. The increase was partially offset by a reduction in of \$17,000 in maintenance/service costs and lease amortization at the Flowerfield industrial Park. The higher rental expenses were a result of continuing efforts to aggressively manage tenant reimbursements.

General and administrative expenses for the three months ended September 30, 2010 and 2009 were \$604,672 and \$653,171, respectively, a decrease of \$48,499 or 7%. The major contributing factors to the decrease in general and administrative expenses were decreases in accounting fees, corporate development fees and asset acquisition fees of approximately \$46,000, \$42,000, and \$57,000, respectively, offset by an increase of approximately \$54,000 in legal and consulting fees and approximately \$42,000 in compensation and benefits.

Condemnation expenses for the three months ended September 30, 2010 and 2009, were \$53,361, and \$561,069, respectively, a decrease of \$507,708 or 90%. The condemnation expenses were incurred to support the trial heard in the Court of Claims in August 2009 and the related legal fees related to the Court's decision issued in the Company's condemnation litigation in June 2010.

Depreciation for the three months ended September 30, 2010 and 2009 was \$203,074 and \$192,768, respectively, an increase of \$10,306 or 5%. The increase of \$10,306 is attributable to the acquisition of the additional Cortlandt Manor property and the renovations in the remaining developed property portfolio.

Interest expense for the three months ended September 30, 2010 and 2009 was \$296,928 and \$260,600, respectively, an increase of \$36,328 or 14%. The increase was mainly attributable to the draw down of the revolving line of credit.

There was no provision or benefit for income tax for the three-months ended September 30, 2010 or 2009. The Company no longer has any deferred tax liabilities related to the initial condemnation payment received and therefore does not expect a deferred tax benefit for 2010.

The Company is reporting a net (loss) of \$(277,079) and \$(831,296) for the three months ended September 30, 2010 and 2009, respectively, primarily due to the impact of the items discussed above.

Nine Months Ended September 30, 2010 compared with the Nine Months Ended September 30, 2009.

Rental revenues are comprised solely of rental income and amounted to \$3,650,138 and \$3,074,115 for the nine months ended September 30, 2010 and 2009, respectively, an increase of \$576,023 or 19%. The increase is primarily comprised of approximately \$300,000 attributable to the acquisition of the Fairfax Medical Center on March 31, 2009 and net new and renewed lease rates of approximately \$276,000. Approximately \$31,000, \$129,000 and \$19,000 is from six tenants in Fairfax, one tenant in Flowerfield, and three tenants in Port Jefferson, respectively, who are occupying space that was vacant or partially vacant during the comparable prior period. Additionally, \$19,000 is from two tenants resulting from the acquisition of the additional Cortlandt Manor property in 2010.

Tenant reimbursements were \$490,056 and \$397,127 for the nine months ended September 30, 2010 and 2009, respectively, an increase of \$92,929 or 23%. The increase is comprised of approximately \$23,000 attributable to the acquisition of the Fairfax Medical Center on March 31, 2009, higher billable expenses in 2010 and a more aggressive approach to managing tenant reimbursements.

Rental expenses for the nine months ended September 30, 2010 and 2009 were \$1,650,381 and \$1,432,134, respectively, an increase of \$218,247 or 15%. The acquisition of the Fairfax Medical Center increased rental expenses by approximately \$125,000. The remaining increase was mainly attributable to the higher utility expenses and higher maintenance expenses resulting from an unusually high level of winter storm activity in 2010.

General and Administrative expenses for the nine months ended September 30, 2010 and 2009 were \$1,729,943 and \$1,970,570, respectively, a decrease of \$240,627 or 12%. The major contributing factors to the decrease in general and administrative expenses were a decrease in accounting fees of \$37,000, legal and consulting fees of approximately \$72,000, a decrease in other outside services of \$47,000, a decrease in corporate governance of approximately \$82,000, a decrease in asset acquisition fees and other corporate development fees of \$84,000, offset by an increase of approximately \$85,000 in compensation and benefits.

Condemnation expenses for the nine months ended September 30, 2010 and 2009 were \$53,361 and \$1,018,700, respectively, a decrease of \$965,339 or 95%. The condemnation expenses were incurred to support the trial heard in the Court of Claims in August 2009.

Depreciation for the nine months ended September 30, 2010 and 2009 were \$599,751 and \$490,376, respectively, an increase of \$109,375 or 22%. Approximately \$70,000 of the increase is the result of the acquisition of the Fairfax Medical Center. The majority of the remaining increase of approximately \$39,000 is from renovations in the remaining developed property portfolio.

Interest income for the nine months ended September 30, 2010 and 2009 was \$1,331 and \$123,202, respectively, a decrease of \$121,871 or 99%. The decrease is primarily due to the 2009 liquidation of the Company's remaining investments in REIT-qualified securities and a redirection of those funds into real estate acquisitions.

Realized gain on marketable securities for the nine months ended September 30, 2009 was \$159,805. There were no realized gains or losses in marketable securities in the nine months ended September 30, 2010, as a result of the Company liquidating its investment in hybrid mortgage backed securities during 2009.

Interest expense for the nine months ended September 30, 2010 and 2009 was \$835,945 and \$678,268, respectively, an increase of \$157,677 or 23%. The increase is mainly attributable to the mortgage financing primarily associated with the purchase of the Fairfax Medical Center on March 31, 2009 and the drawdown of the Line of Credit during 2010.

The benefit for income tax for the nine-month period ended September 30, 2009 of \$4,140,939 was due to the reinvestment of the condemnation proceeds through the acquisition of the Fairfax Medical Center under Section 1033 of the Internal Revenue Code. The Company no longer has any deferred tax liabilities related to the initial condemnation payment received and therefore does not expect a deferred tax benefit for 2010.

The Company is reporting a net (loss) income of \$(727,856) and \$2,305,140 for the nine months ended September 30, 2010 and 2009, respectively, primarily due to the impact of the items discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows: We believe that a main focus of management is to effectively manage our balance sheet through cash flow management of our tenant leases, maintaining or improving occupancy, and pursuing and recycling of capital.

The Company originally received \$26.3 million as an advance payment in connection with the condemnation of 245 acres of the Flowerfield property. The proceeds were invested in hybrid mortgage-backed securities pending the identification of REIT-qualified investment properties that would satisfy the Internal Revenue Code Section 1033 (“IRC 1033”) deferral requirements. In June 2007, the Company acquired the Port Jefferson Professional Park for approximately \$8.9 million. The purchase was a REIT qualified investment that also met the requirements for tax deferred treatment under IRC 1033 resulting in a tax benefit of \$725,000. Furthermore, in mid-2008, the Company reinvested \$7.0 million of condemnation proceeds in the purchase of the Cortlandt Medical Center in Cortlandt Manor, New York, resulting in a tax benefit of \$2.8 million.

During the year ended December 31, 2009, the Company purchased the Fairfax Medical Center in Fairfax, Virginia, for \$12.9 million. This purchase resulted in a tax benefit of approximately \$4.1 million and completed the reinvestment of the \$26.3 million in initial condemnation proceeds.

The Company believes there is opportunity to increase its cash flows from its existing property portfolio through renovations and expansions. The extent to which the Company expands its existing portfolio through renovations, expansions or acquisitions will be dependant on economic factors including the availability of additional financing at favorable terms.

We generally finance our operations through existing cash on hand and fund our acquisitions through a combination of cash on hand and debt. On April 30, 2010, the Company negotiated a line of credit with a new lender in the amount of \$1,750,000 at a rate of prime plus 3.25% with a floor of 6.5%. This facility replaced the Company’s previous credit line with the prior lender which was in the same amount at a rate of prime plus 1%. The Company borrowed \$1,750,000 under the revolving credit line, a portion (\$648,000) of which was utilized to purchase an additional Cortlandt Manor property on May 20, 2010. The balance (\$1,102,000) was borrowed for general working capital purposes and to fund capital improvements to our real estate portfolio. The Company considers the line of credit to be a temporary arrangement as it seeks a longer term financing vehicle more suited to its requirements as an owner/manager of various rental properties.

In that regard, the Company recently received a commitment letter from a bank for a \$4,000,000 adjustable rate mortgage with a floor of 5% and a 20 year term. The terms of the mortgage include retiring the existing \$1,750,000 revolving line of credit and the issuance of an additional \$2,250,000. The mortgage will be secured by up to 35.1 acres of the Flowerfield Industrial Park and its related rents. The Commitment letter contains traditional due diligence and the Company expects the mortgage to close in the fourth quarter of 2010. The mortgage will improve the Company’s short term liquidity as it will eliminate the \$1,750,000 short term revolving line of credit due June 30, 2011.

As of September 30, 2010, the Company had cash and cash equivalents totaling \$755,593. The Company anticipates that cash flow from continuing operations over the next twelve months will be adequate to fund business operations, and the debt amortization of our long term mortgages. Additionally, the Company believes proceeds from the new mortgage loan, which the Company expects to close prior to December 31, 2010, will fully satisfy the debt maturing in June 2011 and be sufficient to fund capital expenditures required to renew leases and attract new tenants.

Net cash used in operating activities was \$351,023 and \$716,944 during the nine months ended September 30, 2010 and 2009, respectively. The underlying drivers that impact working capital and therefore cashflows from operations

are the timing of collections of rents and related tenant reimbursements and the payment of operating and general and administrative expenses. The cash used in operating activities in the current period was primarily related to the net loss adjusted for depreciation of \$629,269 and the reduction in accounts payable of \$400,138 offset by an increase in accrued liabilities of \$110,115. The cash used in operating activities in the prior period was primarily related to the net loss before income tax adjusted for depreciation of \$500,323 and an increase in prepaid expenses and other assets of \$247,936.

Net cash used in investing activities was \$1,134,404 and \$6,391,333 during the nine months ended September 30, 2010 and 2009, respectively. Cash used in investing activities in the current period was primarily due to the purchase of the additional Cortlandt Manor property at a total cost including closing costs of \$728,829 and costs associated with property, plant and equipment of \$518,379. Additionally, during the nine months ended September 30, 2010, \$203,000 in proceeds was realized from the liquidation of a one year interest bearing time deposit and \$90,196 was incurred in land development costs. Cash used in investing activities in the prior period primarily consisted of the purchase of the Fairfax Medical Center ("FMC"), including deferred acquisition costs, of \$13,022,966 and costs associated with property, plant and equipment of \$1,504,469, partially offset by the sale of marketable securities of \$8,163,813 and principal payments received on the investment in marketable securities of \$295,454. Additionally during the nine months ended September 30, 2009, \$202,011 was invested in a one year interest bearing time deposit and \$121,154 was incurred in land development costs.

Net cash provided by financing activities was \$1,372,234 and \$7,749,885 during the nine months ended September 30, 2010 and 2009, respectively. The cash provided by financing activities was primarily the result of the Company borrowing \$1,750,000 under its revolving line of credit during the nine months ended September 30, 2010. The Company did not repay any principal on the revolving line of credit. The Company does not have any interest only mortgages, with the exception of the revolving line of credit, and as a result, during the nine months ended September 30, 2010 and 2009, the Company repaid \$323,646 and \$283,821, respectively, of principal on its total mortgage obligations. Additionally, the Company has incurred \$54,120 in loan origination fees, of which approximately \$26,000 is a deposit in pursuit of longer term financing. The net cash provided by financing activities in the prior period was primarily the proceeds from the mortgage to purchase the Fairfax Medical Center.

Beginning in the second half of 2007, the residential mortgage and capital markets began showing signs of stress, primarily in the form of escalating default rates on sub-prime mortgages, declining residential home values and increasing inventory nationwide. This “credit crisis” spread to the broader commercial credit markets and has reduced the availability of financing and increased interest rates. The extended weak economy, unemployment and lack of liquidity combined with the impact of the Healthcare Legislation has resulted in an extensive reduction in occupancy rates and related rental rates across residential, commercial and medical office properties. The Company has addressed these challenges to date through various tenant incentives which resulted in the Company’s current market rents and related occupancy rates. The Company’s ability to maintain its current rent roll and or occupancy rate is dependent on economic factors including the availability of financing.

The slowing economy continues to negatively impact the volume and pricing of real estate transactions. Despite the fact that the Company has invested in medical office buildings, an asset class that has been less vulnerable, if these conditions continue, our portfolio may experience lower occupancy and effective rents, which would result in a corresponding decrease in net income, funds from operations, and cashflows.

LIMITED PARTNERSHIP INVESTMENT

The Company owns a 9.99% limited partnership interest in Callery Judge Grove, L. P. (the “Grove”) which owns a 3,700+ acre citrus grove in Palm Beach County, Florida. The Company is accounting for the investment under the equity method. As of September 30, 2010, the carrying value of the Company’s investment was \$0. The Company cannot predict what, if any, value it will ultimately realize from this investment.

In February 2009, the Grove made an offering to its partners to invest additional funds in the partnership. The offering, or capital call, had a minimum and maximum aggregate offering amount of \$4 million and \$6 million, respectively, and was due to expire on March, 16, 2009. In March 2009, after careful deliberation, the Company informed the Grove that it would not participate in the offering. Subsequently, the Company was informed that the offering period remained open until July 15, 2009. The Company’s non-participation in the offering diluted its ownership interest to 9.99% from 10.93%.

On November 12, 2010, the Company received offering documents from the Grove relating to an offering to its limited partners of units consisting of junior subordinated notes and limited partnership interests, with an aggregate offering amount of a minimum of \$2 million and a maximum of \$3 million. The offering is due to expire December 10, 2010 unless extended by the General Partner for up to 90 days. The subordinated debt generates interest at the rate of 8% per annum which is payable in-kind, and will mature in June 2013. The units include limited partnership interests constituting 9% of the Grove's equity on a fully diluted basis if the maximum is raised, and 6% if the minimum is raised. In considering whether to participate in the offering, the Company will analyze all relevant factors, including the terms of the offering and the Company’s own cash position.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not required for smaller reporting companies.

Item 4. Controls and Procedures.

The Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2010. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that information is accumulated and communicated to the Company's management, including the CEO and CFO, to allow timely decisions regarding required disclosure. It should be noted that design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions regardless of how remote.

There have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rule 13a-15 that occurred during the Company's last fiscal quarter that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Gyrodyne Company of America, Inc. v. The State University of New York at Stony Brook

On June 30, 2010, the Court of Claims of the State of New York announced its decision in the Company's case for just compensation for the 245.5 acres (the "Property") of its Flowerfield property requiring the State to pay the Company an additional \$98,685,000. Under New York's eminent domain law (the "EDPL") and in the decision issued by the Court of Claims of the State of New York, the Company is also entitled, subject to EDPL Section 514, to statutory interest on the additional amount at a rate not to exceed the statutory rate of nine percent (9%) per annum from November 2, 2005, the date of the taking, to the date of payment. Additionally, the Company submitted a motion under EDPL Section 701 to the Court on September 4, 2010, seeking reimbursement of costs and expenses incurred by the Company, including attorneys' fees and costs in the amount of \$1,474,191.18. On October 7, 2010, the State submitted an Affirmation to the Court in partial opposition to the Company's motion for reimbursement of costs and expenses, and on October 12, 2010, the Company filed its reply brief.

The State had paid Gyrodyne \$26,315,000 for the Property at the time of the taking, which the Company elected under EDPL, to treat as an advance payment while it pursued its claim.

On September 7, 2010, the State filed a Notice of Appeal to the Appellate Division of the Supreme Court, Second Department, from the judgment of the Court of Claims entered in favor of the Company for \$125 million plus statutory interest through the date of payment. Under the Rules of Procedure of the Appellate Division, Second Department, an appellant is allowed up to six months from the date of its notice to appeal to perfect the appeal and file its brief. Therefore, barring an extension given to the State for cause, the State's brief will be due not later than March 7, 2011.

As a result, the amount of a final award and the timing of payment are unknown at this time. The Company will continue to pursue its rights vigorously, seeking payment in accordance with the Court's decision and any further determinations.

The Company commenced this litigation in May 2006 and the trial was held from August 13, 2009 to August 18, 2009. Each side submitted to the Court an appraisal of the Property as of the November 2005 appropriation date. Gyrodyne's appraiser valued the Property at \$125,000,000, based in part upon a separate zoning analysis report that Gyrodyne also filed with the Court which concluded that there was a high probability the Property would have been rezoned from light industrial use to a planned development district. The State's appraiser appraised the Property at a fair market value of \$22,450,000 based only upon the current light industrial zoning. In its decision, the Court agreed with the Company's assertion that the State had improperly valued the Property and misapplied the eminent domain law's requirement that just compensation be determined based upon the highest and best use and the probability that such use could have been achieved. Applying this standard, the Court determined that there was a reasonable probability that the Property would have been rezoned from light industrial use to a planned development district.

The Company has not recorded any gain or loss provision or liability related to this litigation at September 30, 2010 and December 31, 2009, with the exception of accounts payable related to professional fees incurred.

In addition, in the normal course of business, the Company is a party to various legal proceedings. After reviewing all actions and proceedings pending against or involving the Company, management considers the aggregate loss, if any, will not be material to the Company's financial statements.

Items 1A through 5 are not applicable to the three months ended September 30, 2010.

Item 6. Exhibits.

- 3.1 Restated Certificate of Incorporation of Gyrodyne Company of America, Inc. (1)
- 3.2 Amended and Restated Bylaws of Gyrodyne Company of America, Inc. (2)
- 4.1 Form of Stock Certificate of Gyrodyne Company of America, Inc. (4)
- 4.2 Rights Agreement, dated as of August 10, 2004, by and between Gyrodyne Company of America, Inc. and Registrar and Transfer Company, as Rights Agent, including as Exhibit B the forms of Right Certificate and of Election to Purchase. (3)
- 10.1 Employment Agreement, with Gary J. Fitlin, dated October 21, 2009. (5)
- 10.2 Deferred Bonus Agreement, with Gary J. Fitlin, dated October 21, 2009. (5)
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer. (5)
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer. (5)
- 32.1 CEO Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (5)
- 32.2 CFO Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (5)
- (1) Incorporated herein by reference to the Annual Report on Form 10-KSB/A, filed with the Securities and Exchange Commission on September 5, 2001.
- (2) Incorporated herein by reference to Form 8-K, filed with the Securities and Exchange Commission on June 18, 2008.
- (3) Incorporated herein by reference to Form 8-K, filed with the Securities and Exchange Commission on August 13, 2004.
- (4) Incorporated herein by reference to the Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on November 13, 2008.
- (5) Filed as part of this report.

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.

GYRODYNE COMPANY OF AMERICA, INC.

Date: November 15, 2010 /s/ Stephen V. Maroney
By Stephen V. Maroney
President and Chief Executive Officer

Date: November 15, 2010 /s/ Gary Fitlin
By Gary Fitlin
Chief Financial Officer and Treasurer

EXHIBIT INDEX

- 3.1 Restated Certificate of Incorporation of Gyrodyne Company of America, Inc. (1)
- 3.2 Amended and Restated Bylaws of Gyrodyne Company of America, Inc. (2)
- 4.1 Form of Stock Certificate of Gyrodyne Company of America, Inc. (4)
- 4.2 Rights Agreement, dated as of August 10, 2004, by and between Gyrodyne Company of America, Inc. and Registrar and Transfer Company, as Rights Agent, including as Exhibit B the forms of Right Certificate and of Election to Purchase. (3)
- 10.1 Employment Agreement, with Gary J. Fitlin, dated October 21,2009. (5)
- 10.2 Deferred Bonus Agreement, with Gary J. Fitlin, dated October 21, 2009. (5)
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer. (5)
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer. (5)
- 32.1 CEO Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (5)
- 32.2 CFO Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (5)
- (1) Incorporated herein by reference to the Annual Report on Form 10-KSB/A, filed with the Securities and Exchange Commission on September 5, 2001.
- (2) Incorporated herein by reference to Form 8-K, filed with the Securities and Exchange Commission on June 18, 2008.
- (3) Incorporated herein by reference to Form 8-K, filed with the Securities and Exchange Commission on August 13, 2004.
- (4) Incorporated herein by reference to the Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on November 13, 2008.
- (5) Filed as part of this report.