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GYRODYNE CO OF AMERICA INC
Form 10QSB/A
March 22, 2004

U.S. Securities and Exchange Commission
Washington, D.C. 20549

Form 10-QSB/A

Amendment No. 1

(Mark One)

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

For the quarterly period ended JULY 31, 2003

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 0-1684

Gyrodyne Company of America, Inc.
(Exact name of small business issuer as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

11-1688021
(IRS Employer Identification No.)

102 Flowerfield, St. James, NY 11780
(Address of principal executive offices)

(631) 584-5400
(Issuer's telephone number)

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes. No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12,13 or 15 (d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 1,124,005 shares of common stock, par value \$1.00 per share, as of August 29, 2003

Transitional Small Business Disclosure Format (Check One): Yes No

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Explanatory Note

This Amendment No. 1 on Form 10-QSB/A amends our Report on Form 10-QSB previously filed for the quarterly period ended July 31, 2003. This Form 10-QSB/A is filed in connection with our restated financial statements for the fiscal years ended April 30, 2003 and 2002 to correct the accounting of our limited partnership investment in the Callery Judge Grove, L.P.

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GYRODYNE COMPANY OF AMERICA, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET (UNAUDITED)

	July 31, 2003 ---- (As Restated)
ASSETS	
REAL ESTATE	
Rental property:	
Land	\$ 4,250
Building and improvements	3,915,361
Machinery and equipment	156,292

	4,075,903
Less accumulated depreciation	3,288,580

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	787,323

Land held for development:	
Land	792,201
Land development costs	2,711,984

	3,504,185

Total real estate, net	4,291,508
CASH AND CASH EQUIVALENTS	1,739,303
RENT RECEIVABLE, net of allowance for doubtful accounts of \$40,862	120,259
MORTGAGE RECEIVABLE	1,800,000
PREPAID EXPENSES AND OTHER ASSETS	517,619
PREPAID PENSION COSTS	1,603,288

	\$ 10,071,977

LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES:	
Accounts payable and accrued expenses	\$ 112,997
Deferred gain on sale of real estate	1,573,900
Tenant security deposits payable	241,773
Loans payable	734,494
Deferred income taxes	1,879,555

Total liabilities	4,542,719

STOCKHOLDERS' EQUITY:	
Common stock, \$1 par value; authorized 4,000,000 shares; 1,531,086 shares issued and outstanding	1,531,086
Additional paid-in capital	7,296,922
Deficit	(788,924)

	8,039,084
Less cost of shares of common stock held in treasury	(2,509,826)

Total stockholders' equity	5,529,258

	\$ 10,071,977

See notes to consolidated financial statements

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

Three Months Ended

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	July 31,	
	2003	2002
	----	----
REVENUE FROM RENTAL PROPERTY	\$ 558,184	\$ 665,167
	-----	-----
RENTAL PROPERTY EXPENSE:		
Real estate taxes	34,559	111,758
Operating and maintenance	113,073	84,004
Interest expense	12,353	14,598
Depreciation	19,433	25,995
	-----	-----
	179,418	236,355
	-----	-----
INCOME FROM RENTAL PROPERTY	378,766	428,812
	-----	-----
GENERAL AND ADMINISTRATIVE	359,766	346,275
	-----	-----
INCOME FROM OPERATIONS	19,000	82,537
	-----	-----
OTHER INCOME:		
Interest income	27,389	1,894
	-----	-----
INCOME BEFORE PROVISION FOR INCOME TAXES	46,389	84,431
PROVISION FOR INCOME TAXES	18,555	33,772
	-----	-----
NET INCOME	\$ 27,834	\$ 50,659
	=====	=====
NET INCOME PER COMMON SHARE:		
Basic	\$ 0.02	\$ 0.05
	=====	=====
Diluted	\$ 0.02	\$ 0.04
	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:		
Basic	1,117,062	1,111,897
	=====	=====
Diluted	1,160,368	1,127,316
	=====	=====

See notes to consolidated financial statements

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

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	Three Months Ended July 31,	
	2003	2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 27,834	\$ 50,659
	-----	-----
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	28,348	29,881
Bad debt expense	0	39,045
Deferred income tax provision	18,555	33,772
Pension expense	59,217	64,970
Changes in operating assets and liabilities:		
Increase in assets:		
Land development costs	(267,330)	(255,434)
Accounts receivable	(48,822)	(55,739)
Prepaid expenses and other assets	(266,439)	(314,267)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(136,627)	58,012
Tenant security deposits	3,569	4,791
	-----	-----
Total adjustments	(609,529)	(394,969)
	-----	-----
Net cash used in operating activities	(581,695)	(344,310)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(15,497)	(6,307)
	-----	-----
Net cash used in investment activities	(15,497)	(6,307)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loans payable	(8,635)	(15,530)
Loan origination fees	73,519	0
Proceeds from exercise of stock options	40,294	0
	-----	-----
Net cash provided by (used in) financing activities	105,178	(15,530)
	-----	-----
Net decrease in cash and cash equivalents	(492,014)	(366,147)
Cash and cash equivalents at beginning of period	2,231,317	1,105,790
	-----	-----
Cash and cash equivalents at end of period	\$ 1,739,303	\$ 739,643
	=====	=====

See notes to consolidated financial statements

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FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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1. 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 Registrant included herein have been prepared by the Registrant pursuant to the rules and regulations of the Securities and Exchange Commission and, in the opinion of management, reflect all adjustments which are necessary to present fairly the results for the three month periods ended July 31, 2003 and 2002.

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 financial statements and footnotes therein included in the audited annual report on Form 10-KSB/A as of April 30, 2003.

The results of operations for the three month periods ended July 31, 2003 and 2002 are not necessarily indicative of the results to be expected for the full year.

2. Principle of Consolidation:

The accompanying consolidated financial statements include the accounts of Gyrodyne Company of America, Inc. ("GCA") and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated.

3. Earnings Per Share:

Basic earnings per common share is computed by dividing the 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. Treasury shares have been excluded from the weighted average number of shares.

The following is a reconciliation of the weighted average shares:

	Three Months Ended July 31,	
	2003	2002
Basic	1,117,062	1,111,897
Effect of dilutive securities	43,306	15,419
Diluted	1,160,368	1,127,316

4. Income Taxes:

Deferred 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.

5. Revolving Credit Note:

On May 29, 2003, the Company restructured its only outstanding mortgage debt on the Flowerfield property. That amortizing loan, which had a balance of \$622,868 at an average interest rate of 8.04% during fiscal 2003, was satisfied and

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incorporated into a newly established revolving credit line in the amount of \$1,750,000 at prime plus one percent, currently 5.00%. The line is secured by certain real estate and expires on June 1, 2006.

6. Stock Options:

We have elected the disclosure only provisions of Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123") in accounting for our employee stock options. Accordingly, no compensation expense has been recognized. Had we recorded compensation expense for the stock options based on the fair value at the grant date for awards in the

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three months ended July 31, 2003 and 2002 consistent with the provisions of SFAS 123, our net income and net income per share would have been adjusted as follows:

	Three Months Ended July 31,	
	2003	2002
Net income, as reported	\$ 27,834	\$ 50,659
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of related tax effects	(94,000)	(1,000)
Pro forma net (loss) income	(\$66,166)	\$ 49,659
Net income (loss) per share:		
Basic -as reported	\$ 0.02	\$ 0.05
Basic -pro forma	\$ (0.06)	\$ 0.04
Diluted- as reported	\$ 0.02	\$ 0.04
Diluted- pro forma	\$ (0.06)	\$ 0.04

Item 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

(a) Not Applicable

(b) MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The statements made in this Form 10-QSB/A 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

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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 risk inherent in the Long Island, New York real estate market, the ability to obtain additional capital and other risks detailed from time to time in our SEC reports. We assume no obligation to update the information in this Form 10-QSB/A.

Critical Accounting Policies

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 accounting principles generally accepted in the United States ("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. It is possible that the ultimate outcome as anticipated by management in formulating its estimates inherent in these financial statements might not materialize. However, application of the critical accounting policies below involves the exercise of judgment and use

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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.

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, are included in deferred rents receivable on the Company's balance sheets. 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 lives of ten to thirty 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 lives 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

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expected useful life of a particular asset, it would be depreciated over more years, and result in less depreciation expense and higher 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 impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. Such cash flows 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 Financial Accounting Standards Board ("FASB") Statement No. 144, "Accounting for the Impairment or Disposal of Long Lived Assets."

Stock-Based Compensation

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations, to account for stock-based employee compensation plans and reports pro forma disclosures in its Form 10-KSB/A filings by estimating the fair value of options issued and the related expense in accordance with SFAS No. 123. Under this method, compensation cost is recognized for awards of shares of common stock or stock options to directors, officers and employees of the Company only if the quoted market price of the stock at the grant date (or other measurement date, if later) is greater than the amount the grantee must pay to acquire the stock.

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RESULTS OF OPERATIONS FOR THE QUARTER ENDED JULY 31, 2003 AS COMPARED TO THE QUARTER ENDED JULY 31, 2002

The Company is reporting net income of \$27,834 for the quarter ending July 31, 2003 compared to \$50,659 for the same period last year, a decrease of \$22,825. Diluted per share earnings amounted to \$0.02 and \$0.04 for the two periods, respectively.

Revenue from rental property, which amounted to \$558,184 for the reporting period, reflects a decrease of \$106,983 from the prior year results of \$665,167. The sole contributing factor was an anticipated decline of \$107,145 in revenue resulting from the previously reported sale of certain properties to a former

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tenant.

Rental property expense amounted to \$179,418 for the July 31, 2003 quarter as compared to \$236,355 for the like period last year. This decrease of \$56,937 had several contributing factors, the most significant of which was a \$77,198 decline in real estate taxes on the Flowerfield property. Reductions associated with the aforementioned sale and the capitalization of taxes on the acreage subject to our plan to develop a residential golf course community amounted to \$19,099 and \$67,287, respectively, were the underlying causes. Costs associated with the operation and maintenance of the rental property reflected an increase of \$29,069 which again was caused by several factors. The largest variance was the fact that during the prior year quarter, the Company negotiated a utility adjustment of \$64,968 which, by its very nature, is a nonrecurring event and absent this, operating and maintenance expenses would have also been below last year's total. Partially offsetting this adjustment, and as a result of reduced staffing levels, salaries and benefits decreased by \$25,389, totaling \$52,470 and \$77,859 for the quarters ending July 31, 2003 and 2002, respectively. The Company expects to continue the reduced tax burden on the operations of the rental property associated with the development plan and to maintain the current staffing levels. The balance of the significant variances was attributable to fuel and electric utilities which decreased from \$17,998 during the prior year to \$8,390 for the current quarter. For the most part, this reduction reflects timing differences between the payment of usage charges and the billing of tenants. Reflecting a reduction in prevailing rates, interest expense totaled \$12,353 for the current quarter, reflecting a decrease of \$2,246 from the prior year total of \$14,598. Lastly, depreciation expense declined from \$25,995 during the prior year to \$19,433 for the current quarter. This \$6,562 decrease is attributable to the sale of buildings and improvements.

As a result, income from rental property amounted to \$378,766 and \$428,812 for the quarters ending July 31, 2003 and 2002, respectively.

General and administrative expenses reflect a 4% increase over the prior year first quarter amounting to \$359,766 compared to \$346,275 in 2002, an increase of \$13,491. As in the case of rental property expenses, there were several offsetting contributing factors. Reflecting increases for management and the administrative staff, and incremental costs associated with group medical insurance, salaries and benefits amounted to \$151,123 for the first quarter 2003 as compared to \$139,453 during the prior year, an increase of \$11,670. The Company experienced increased expenses in the following categories: \$2,689 in liability insurance premiums, \$7,273 in legal and consulting fees, and \$3,918 in fees associated with the restructuring of the Company's outstanding mortgage debt; those fees are being amortized over a three year period. As a result of an increase in the size of our Board of Directors and the number of Board meetings required during the first three months of this fiscal year, Director's fees totaled \$35,437 for the current reporting period as compared to \$17,500 the prior year, an increase of \$17,937. Based on the events of the last few months, the Company anticipates that the Board will continue to meet on a more frequent basis than in the past.

The Company currently occupies office space located in one of the properties sold last year. Rent associated with that occupancy amounted to \$17,500 during the current reporting period and did not exist last year. The annualized expense of this space is estimated at \$52,500. Partially offsetting these increases, the Company experienced a reduction of \$5,752 in pension plan expenses and \$39,045 in provision for doubtful accounts.

Income from operations totaled \$19,000 for the three month period ending July 31, 2003 compared to the \$82,537 posted for the same period last year, a decrease of \$63,537. All things being equal, absent the nonrecurring utility adjustment of \$64,968, results for both periods would have been similar.

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Interest income totaled \$27,389 for the July 31, 2003 quarter, a \$25,495 increase over the prior year. The previously reported sale of property resulted in the Company holding a \$1.8 million mortgage maturing in August 2005; interest earned on the mortgage amounted to \$22,500 of the increase with the balance brought about by larger interest bearing deposits during the period.

As a result, income before tax amounted to \$46,389 compared to \$84,431 for the quarters ending July 31, 2003 and 2002, respectively, a decline of \$38,042.

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LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities was \$581,695 and \$344,310 during the three months ended July 31, 2003 and 2002, respectively. The principal use of cash in both periods were funds used in connection with planning and pre-construction costs associated with land development plans for the golf course community.

Net cash used in investing activities was \$15,497 and \$6,307 during the three months ended July 31, 2003 and 2002, respectively. The use of cash in both periods was for the acquisition of property, plant and equipment.

Net cash provided by (used in) financing activities was \$105,178 and \$(15,530) during the three months ended July 31, 2003 and 2002, respectively. The net cash proceeds during the current period were primarily the result of the refinancing of mortgage debt on the Flowerfield property. That amortizing loan, which had a balance of \$622,868 at an average interest rate of 8.04% during fiscal 2003, was satisfied and incorporated into a newly established revolving credit line in the amount of \$1,750,000 at prime plus one percent, currently 5.00%. The unused portion of the credit line will enhance our financial position and liquidity and be available, if needed, to fund any unforeseen expenses associated with the Company's development plan. Also during the three months ended July 31, 2003, the Company received \$40,294 in cash proceeds from the exercise of stock options. During the three months ended July 31, 2002, funds were used to repay the aforementioned amortizing loan.

As of July 31, 2003, the Company had cash and cash equivalents of \$1,739,303 and anticipates having the capacity to fund normal operating and administrative expenses, its regular debt service requirements and the remaining predevelopment expenses related to securing entitlements for the planned residential golf course community. To date, expenses associated with the development of the Flowerfield property, which have been capitalized, total \$2,711,984. As of July 31, 2003, the portion of those expenses attributable to the residential golf course community amount to \$1,248,080. Working capital, which is the total of current assets less current liabilities as shown in the accompanying chart, amounted to \$1,881,863 at July 31, 2003.

	July 31,	
	2003	2002
Current assets:		
Cash and cash equivalents	\$1,739,303	\$ 739,643
Rent receivable, net	120,259	46,773
Net prepaid expenses and other assets	389,277	383,624
Total current assets	2,248,839	1,170,040

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Current liabilities:

Accounts payable and accrued expenses	112,997	467,368
Deposit on contract of sale	--	1,000,000
Tenant security deposits payable	241,773	258,669
Current portion of loans payable	12,206	63,820

Total current liabilities	366,976	1,789,857
---------------------------	---------	-----------

Working capital	\$1,881,863	\$ (619,817)
-----------------	-------------	--------------

Our limited partnership investment in the Callery Judge Grove, L.P. is carried on the Company's balance sheet at \$0 as a result of recording equity losses equal to the carrying value of the investment. This represents a 10.93% ownership in a 3,500-acre citrus grove in Palm Beach County, Florida. The land is currently part of a 65,000-acre master planned community, which is under review by local regulatory authorities. We have no current forecast as to the likelihood of, or the timing required to achieve appropriate entitlements that might impact the Grove's value.

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Item 3 CONTROLS AND PROCEDURES

Management, including the Company's President, Chief Executive Officer and Treasurer and Controller, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(f) and 15d-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the President, Chief Executive Officer and Treasurer and Controller 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 and submits under the Exchange Act is recorded, processed, summarized and reported as and when required.

There have been no significant changes in the Company's internal controls over financial reporting identified in connection with the evaluation 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

Items 1 through 4 are not applicable to the May 1, 2003, through July 31, 2003, period.

Item 5 Other Information

The Company's Chief Executive Officer and Chief Financial Officer has furnished a statement relating to its Form 10-QSB/A for the quarter ended July 31, 2003 pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002. The statement is attached hereto as Exhibit 31.1.

Item 6 Exhibits and Reports on Form 8-K

a. Exhibits:

31.1 Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 302 of The Sarbanes-Oxley Act of 2002.

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32.1 Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of The Sarbanes-Oxley Act of 2002.

b. Reports on Form 8-K.

On May 29, 2003, the Company filed a Form 8-K furnishing, under Items 5 and 7, a press release concerning the announced plans by the State University of New York to acquire the Company's real estate for use by the University's Stony Brook campus.

On June 12, 2003, the Company filed a Form 8-K furnishing, under Items 5 and 7, a press release announcing the appointment of Ronald J. Macklin to its Board of Directors.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GYRODYNE COMPANY OF AMERICA, INC.
(Registrant)

Date: March 19, 2004

/S/ Stephen V. Maroney

Stephen V. Maroney
President, Chief Executive
Officer and Treasurer

Date: March 19, 2004

/S/ Frank D'Alessandro

Frank D'Alessandro
Controller

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