

DCAP GROUP INC
Form 10QSB
May 11, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2007

Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from _____ to _____

Commission File Number: 0-1665

DCAP GROUP, INC.

(Exact Name of Small Business Issuer as Specified in its Charter)

Delaware 36-2476480
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1158 Broadway, Hewlett, NY 11557
(Address of Principal Executive Offices)

(516) 374-7600
(Issuer's Telephone Number, Including Area Code)

(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 X No _____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes _____ No X _

**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

Edgar Filing: DCAP GROUP INC - Form 10QSB

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 2,962,024 shares as of April 30, 2007.

Transitional Small Business Disclosure Format (check one): Yes No

INDEX

DCAP GROUP, INC. AND SUBSIDIARIES

PART I.

FINANCIAL INFORMATION

Item 1.

Financial Statements

Condensed Consolidated Balance Sheet - March 31, 2007 (Unaudited)

Condensed Consolidated Statements of Income - Three months ended March 31, 2007 and 2006 (Unaudited)

Condensed Consolidated Statements of Cash Flows - Three months ended March 31, 2007 and 2006 (Unaudited)

Notes to Condensed Consolidated Financial Statements - Three months ended March 31, 2007 and 2006 (Unaudited)

Item 2.

Management's Discussion and Analysis or Plan of Operation

Item 3.

Controls and Procedures

PART II.

OTHER INFORMATION

Item 1.

Legal Proceedings

Item 2.

Unregistered Sales of Equity Securities and Use of Proceeds

Item 3.

Defaults Upon Senior Securities

Item 4.

Submission of Matters to a Vote of Security Holders

Item 5.

Other Information

Item 6.

Exhibits

SIGNATURES

Forward-Looking Statements

This Quarterly Report contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions made or to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, that may influence the accuracy of the statements and the projections upon which the statements are based. Factors which may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 6 of our Annual Report on Form 10-KSB for the year ended December 31, 2006 under "Factors That May Affect Future Results and Financial Condition".

Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publically update or revise any forward-looking statements, whether from new information, future events or otherwise.

**DCAP GROUP, INC. AND
SUBSIDIARIES**

Condensed Consolidated Balance Sheet (Unaudited)

March 31, 2007

Assets

Current Assets

Cash and cash equivalents	\$	1,047,343
Accounts receivable, net of allowance for doubtful accounts of \$66,000		1,112,391
Finance contracts receivable	\$	16,252,948
Less: Deferred interest		(1,270,150)
Less: Allowance for finance receivable losses		(205,264)
Prepaid income taxes		188,294
Prepaid expenses and other current assets		189,379
Deferred income taxes		76,000
Total Current Assets		17,390,941

Property and Equipment, net	367,664
Goodwill	2,601,257
Other Intangibles, net	315,603
Notes Receivable, net	4,207,284
Deposits and Other Assets	230,440
Total Assets	\$ 25,113,189

Liabilities and Stockholders' Equity

Current Liabilities:

Revolving credit line	\$	10,165,638
Accounts payable and accrued expenses		878,151
Premiums payable		3,533,023
Current portion of long-term debt		655,800
Other current liabilities		234,295
Total Current Liabilities		15,466,907

Long-Term Debt	2,283,226
Deferred Income Tax	396,000
Mandatorily Redeemable Preferred Stock	780,000

Commitments

Stockholders' Equity:

Common stock, \$.01 par value; authorized 10,000,000 shares; issued 3,738,947	37,390
Preferred stock; \$.01 par value; authorized 1,000,000 shares; 0 shares issued and outstanding	-
Capital in excess of par	11,737,224
Deficit	(4,409,003)
	7,365,611

Edgar Filing: DCAP GROUP INC - Form 10QSB

Treasury stock, at cost, 776,923 shares		(1,178,555)
Total Stockholders' Equity		6,187,056
Total Liabilities and Stockholders' Equity	\$	25,113,189

See notes to condensed consolidated financial statements.

DCAP GROUP, INC. AND SUBSIDIARIES			
Condensed Consolidated Statements of Income (Unaudited)			
<i>Three Months Ended March 31,</i>	<i>2007</i>		<i>2006</i>
Revenues:			
Commissions and fees	\$	1,613,239	\$ 1,893,177
Premium finance revenue		790,695	974,513
Total Revenues		2,403,934	2,867,690
Operating Expenses:			
General and administrative expenses		2,062,821	2,289,509
Provision for finance receivable losses		163,056	169,625
Depreciation and amortization		96,458	111,304
Premium finance interest expense		165,818	189,097
Total Operating Expenses		2,488,153	2,759,535
Operating (Loss) Income		(84,219)	108,155
Other (Expense) Income:			
Gain on sale of book of business		62,467	-
Interest income		1,353	1,358
Interest income - notes receivable		324,298	212,293
Interest expense		(132,705)	(100,872)
Interest expense - mandatorily redeemable preferred stock		(9,750)	(9,750)