

DCAP GROUP INC
Form 8-K
May 12, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: May 6, 2009
(Date of earliest event reported)

DCAP GROUP, INC.
(Exact Name of Registrant as Specified in Charter)

| | | |
|--|------------------------------------|--|
| Delaware (State or Other Jurisdiction of Incorporation) | 0-1665 (Commission File No.) | 36-2476480 (IRS Employer Identification Number) |
|--|------------------------------------|--|

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

Registrant's telephone number, including area code: (516) 374-7600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01. Completion of Acquisition or Disposition of Assets.

On May 6, 2009, DCAP Group, Inc. (the “Company”) sold all of the outstanding stock of the subsidiaries that operated the Company’s DCAP franchise business to Stuart Greenvald and Abraham Weinzimer. The sale was effective as of May 1, 2009. The purchase price for the stock was \$200,000 which was paid by delivery of a promissory note in such principal amount (the “Note”). The Note is payable to the extent of \$50,000 on May 15, 2009, \$50,000 on May 1, 2010 and \$100,000 on May 1, 2011 and provides for interest at the rate of 5.25% per annum. Mr. Greenvald is the son-in-law of Morton L. Certilman, a principal shareholder of the Company.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information:

(i) Explanatory Note with regard to Unaudited Pro Forma Condensed Consolidated Financial Statements

(ii) Unaudited Pro Forma Condensed Consolidated Balance Sheet of the Company as of December 31, 2008

(iii) Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 2008

(d) Exhibits:

2.1 Stock Purchase Agreement, dated as of May 1, 2009, by and between Stuart Greenvald and Abraham Weinzimer and the Company

DCAP GROUP, INC AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
EXPLANATORY NOTE

The following unaudited pro forma condensed consolidated financial statements give effect to the sale (the “Sale”) of all of the issued and outstanding stock of DCAP Management Corp. (“Management”) and Dealers Choice Automotive Planning, Inc. (“Dealers”), wholly-owned subsidiaries of DCAP Group, Inc. (the “Registrant”), to Abraham Weinzimer and Stuart Greenvald. These pro forma financial statements are presented for illustrative purposes only and therefore are not necessarily indicative of the operating results and financial position that might have been achieved had the Sale occurred as of an earlier date, nor are they necessarily indicative of the operating results and financial position which may occur in the future.

A Pro Forma Condensed Consolidated Balance Sheet is provided as of December 31, 2008, giving effect to the Sale as though it had been consummated on that date. A Pro Forma Condensed Consolidated Statement of Operations is provided for the year ended December 31, 2008, giving effect to the Sale as though it had occurred on January 1, 2008.

The pro forma financial statements are based on preliminary estimates of values and transaction costs. Accordingly, the actual recording of the transaction may differ from these pro forma financial statements.

The pro forma condensed consolidated financial statements presented as of December 31, 2008 and for the year then ended are derived from the separate historical consolidated financial statements of the Registrant and should be read in conjunction with the audited consolidated financial statements of the Registrant (included in its Annual Report on Form 10-K for the year ended December 31, 2008).

DCAP GROUP, INC. AND
SUBSIDIARIESPro Forma Condensed Consolidated Balance Sheet
December 31, 2008 (unaudited)

| | As Reported | Pro Forma Adjustments Previously Reported (1) | Current Transaction | Pro Forma |
|---|--------------|--|------------------------|--------------|
| Assets | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 142,949 | \$ 417,718 | \$ (20,000) C | \$ 540,667 |
| Accounts receivable, net | 201,787 | - | (134,522) A | 67,265 |
| Note receivable | | - | 100,000 B | 100,000 |
| Prepaid expenses and other current assets | 130,457 | - | (101,678) A | 28,779 |
| Assets from discontinued operations | 2,913,147 | (2,122,284) | - | 790,863 |
| Total current assets | 3,388,340 | (1,704,566) | (156,200) | 1,527,574 |
| Property and equipment, net | 90,493 | - | (7,876) A | 82,617 |
| Notes receivable | 5,935,704 | - | 100,000 B | 6,035,704 |
| Deposits and other assets | 6,096 | - | (4,996) A | 1,100 |
| Assets from discontinued operations, non-current | - | 275,271 | - | 275,271 |
| Total assets | \$ 9,420,633 | \$ (1,429,295) | \$ (69,072) | \$ 7,922,266 |
| Liabilities and Stockholders' Equity | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 822,350 | \$ - | \$ - | \$ 822,350 |
| Current portion of long-term debt | 1,593,210 | (657,281) | - | 935,929 |
| Other current liabilities | 154,200 | - | - | 154,200 |
| Liabilities from discontinued operations | 213,685 | 130,918 | - | 344,603 |
| Mandatorily redeemable preferred stock | 780,000 | (267,282) | - | 512,718 |
| Total current liabilities | 3,563,445 | (793,645) | - | 2,769,800 |
| Long-term debt | 415,618 | (379,843) | - | 35,775 |
| Deferred income taxes | 184,000 | - | 16,000 | 200,000 |
| Commitments | | | | |
| Stockholders' Equity: | | | | |
| Common stock | 37,888 | - | - | 37,888 |
| Preferred stock | - | - | - | - |
| Capital in excess of par | 11,962,512 | - | - | 11,962,512 |
| Deficit | (5,522,448) | (255,807) | (249,072) A | (5,863,327) |
| | | | 200,000 B | |
| | | | (20,000) C | |
| | | | (16,000) D | |
| | 6,477,952 | (255,807) | (85,072) | 6,137,073 |
| Treasury stock, at cost | (1,220,382) | - | - | (1,220,382) |
| Total stockholders' equity | 5,257,570 | (255,807) | (85,072) | 4,916,691 |
| Total liabilities and stockholders' equity | \$ 9,420,633 | \$ (1,429,295) | \$ (69,072) | \$ 7,922,266 |

(1) On April 22, 2009, the Registrant filed a Current Report on Form 8-K disclosing the sale of substantially all of the assets of Barry Scott Agency, Inc., and DCAP Accurate, Inc. (collectively, "Seller"), wholly-owned subsidiaries of the Registrant, to NII BSA LLC. Seller operated the Registrant's 16 New York State retail business locations.

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Pro Forma Condensed Consolidated Balance Sheet (continued)
December 31, 2008 (unaudited)

- A) To record elimination of the assets associated with the Sale.
 - B) To record the note receivable representing the proceeds of the Sale.
 - C) To record estimated transaction costs associated with the Sale.
 - D) To write off deferred taxes associated with the Sale.
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DCAP GROUP, INC. AND
SUBSIDIARIESPro Forma Condensed Consolidated Statement of Operations
Year Ended December 31, 2008 (unaudited)

| | As Reported | Pro Forma Adjustments | | Pro Forma |
|--|----------------|-------------------------------|-----------------------------------|--------------|
| | | Previously Reported (1) | Current Transaction | |
| Commissions and fee revenue | \$ 911,225 | \$ - | \$ (483,806) A | \$ 427,419 |
| Operating expenses: | | | | |
| General and administrative expenses | 1,860,485 | - | (672,233) A 41,013 C | 1,229,265 |
| Depreciation and amortization | 69,624 | - | (32,850) A | 36,774 |
| Total operating expenses | 1,930,109 | - | (664,070) | 1,266,039 |
| Operating (loss) income | (1,018,884) | - | 180,264 | (838,620) |
| Other (expense) income: | | | | |
| Interest income | 4,338 | - | (2,116) A 7,875 D | 10,097 |
| Interest income - notes receivable | 764,899 | - | - | 764,899 |
| Interest expense | (270,646) | 85,762 | - | (184,884) |
| Interest expense - mandatorily redeemable preferred stock | (66,625) | 22,830 | - | (43,795) |
| Total other income | 431,966 | 108,592 | 5,759 | 546,317 |
| (Loss) income from continuing operations before (benefit from) provision for income taxes | (586,918) | 108,592 | 186,023 | (292,303) |
| (Benefit from) provision for income taxes | (391,225) | 96,480 | 4,000 A 88,000 B (13,255) E | (216,000) |
| (Loss) income from continuing operations | (195,693) | 12,112 | 107,278 | (76,303) |
| (Loss) income from discontinued operations, net of income taxes | (781,513) | 147,370 | - | (634,143) |
| Net (loss) income | \$ (977,206) | \$ 159,482 | \$ 107,278 | \$ (710,446) |
| Basic and Diluted Net Loss Per Common Share: | | | | |
| Loss from continuing operations | \$ (0.07) | | | \$ (0.03) |
| Loss from discontinued operations | \$ (0.26) | | | \$ (0.21) |
| Loss per common share | \$ (0.33) | | | \$ (0.24) |
| Number of weighted average shares used in computation of basic and diluted loss per common share | 2,972,597 | | | 2,972,597 |

(1) On April 22, 2009, the Registrant filed a Current Report on Form 8-K disclosing the sale of substantially all of the assets of Barry Scott Agency, Inc., and DCAP Accurate, Inc. (collectively, "Seller"), wholly-owned subsidiaries of the Registrant, to NII BSA LLC. Seller operated the Registrant's 16 New York State retail business locations.

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Pro Forma Condensed Consolidated Statement of Operations (continued)
Year Ended December 31, 2008 (unaudited)

- A) To eliminate historical revenue and expenses associated with the operations of Dealers and Management.
 - B) To reverse tax benefit of current year net operating loss recorded as deferred tax benefit to continuing operations.
 - C) To record additional operating costs to be incurred after the Sale as if the Sale occurred on January 1, 2008.
 - D) To record interest income on promissory note associated with the Sale as if the Sale occurred on January 1, 2008.
 - E) To record tax effect of current year net operating loss associated with the Sale transaction as a deferred tax benefit for the period presented.
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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 hereunto duly authorized.

DCAP GROUP, INC.

May 12, 2009

By: /s/ Barry B. Goldstein
Barry B. Goldstein
President