

Diagnostic CORP of America  
Form 10QSB  
August 21, 2006  
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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## FORM 10-QSB

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(Mark One)

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

For the quarterly period ended June 30, 2006

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-50155

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# DIAGNOSTIC CORPORATION OF AMERICA

(Name of Small Business Issuer in its Charter)

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Delaware  
(State or Other Jurisdiction of

incorporation or organization)

14375 Myer Lake Circle, Clearwater FL 33760

(Address of Principal Executive Offices)

(727) 533-8300

(Issuer's Telephone Number)

02-0563302  
(I.R.S. Employer

Identification No.)

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N/A

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

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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 (the Exchange Act ) during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

As of August 15, 2006, there were 20,822,871 shares of our Common Stock, \$.001 par value outstanding.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): YES  NO

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**DIAGNOSTIC CORPORATION OF AMERICA**

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements (unaudited)****DIAGNOSTIC CORPORATION OF AMERICA AND SUBSIDIARY**

(A DEVELOPMENT STAGE COMPANY)

(A DELAWARE CORPORATION)

Clearwater, Florida

**CONSOLIDATED BALANCE SHEETS**

	(Unaudited)	
	June 30,	December 31,
	2006	2005
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 933	\$ 1,930
Prepaid Expenses and Deposits	650	650
<b>Total Assets</b>	<b>\$ 1,583</b>	<b>\$ 2,580</b>
<b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 79,340	\$ 54,631
Accrued Interest Payable	20,994	12,000
Accrued Payroll	76,256	49,342
Convertible Notes Payable		400,000
Loans Payable - Stockholders	6,500	
Loan Payable	25,000	
Due to Stockholders	174,268	124,196
<b>Total Liabilities</b>	<b>382,358</b>	<b>640,169</b>
<b>Stockholders Deficit</b>		
Common Stock - \$.001 Par Value; 50,000,000 Shares Authorized, 20,822,871 and 16,522,871 Shares Issued and Outstanding, Respectively	20,823	16,523
Additional Paid-in Capital	1,429,368	1,009,668
Deficit Accumulated During Development Stage	(1,830,966)	(1,663,780)
<b>Total Stockholders Deficit</b>	<b>(380,775)</b>	<b>(637,589)</b>
<b>Total Liabilities and Stockholders Deficit</b>	<b>\$ 1,583</b>	<b>\$ 2,580</b>

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The accompanying notes are an integral part of these financial statements.

**Table of Contents****DIAGNOSTIC CORPORATION OF AMERICA AND SUBSIDIARY**

(A DEVELOPMENT STAGE COMPANY)

(A DELAWARE CORPORATION)

Clearwater, Florida

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS DEFICIT (UNAUDITED)**

	Number of Shares	Common Stock (\$0.001 Par Value)	Additional Paid-In Capital	Deficit Accumulated During Development Stage	Total Stockholders Deficit
		\$	\$	\$	\$
<b>Inception - October 31, 2000</b>					
Common Stock Issued in Exchange for Services and Expenses Paid by Shareholders (Galli)	11,553,100	11,553	202		11,755
Common Stock Issued in Exchange for Services and Expenses Paid by Shareholders (City View)	3,425,000(1)	3,425			3,425
Common Shares Issued for Cash - Private Placement (City View)	928,500(1)	929	308,571		309,500
Common Shares Issued for Cash - Private Placement (Global Broadcast)	662,500	663	110,588		111,251
Conversion of Notes Payable in Exchange for Stock	1,050,000	1,050	322,534		323,584
Shares Issued for Services Rendered	765,000	765	32,235		33,000
Shares Issued to Directors for Services Rendered	300,000	300	11,700		12,000
Shares Repurchased for Cancellation	(5,416,229)	(5,417)	(144,583)		(150,000)
Capital Contribution Shareholder			200,350		200,350
Net Loss for the Period				(1,264,521)	(1,264,521)
<b>Balance - December 31, 2004</b>	<b>13,267,871</b>	<b>\$ 13,268</b>	<b>\$ 841,597</b>	<b>\$ (1,264,521)</b>	<b>\$ (409,656)</b>

(1) Shares issued and outstanding have been adjusted to reflect the Plan of Merger effected on March 1, 2002.

- continued -

The accompanying notes are an integral part of these financial statements.

**Table of Contents****DIAGNOSTIC CORPORATION OF AMERICA AND SUBSIDIARY****(A DEVELOPMENT STAGE COMPANY)****(A DELAWARE CORPORATION)****Clearwater, Florida****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS DEFICIT (UNAUDITED) - continued**

	Number of Shares	Common Stock (\$0.001 Par Value)	Additional Paid-In Capital	Deficit Accumulated During Development Stage	Total Stockholders Deficit
<b>Balance - December 31, 2004</b>	<b>13,267,871</b>	<b>\$ 13,268</b>	<b>\$ 841,597</b>	<b>\$ (1,264,521)</b>	<b>\$ (409,656)</b>
Conversion of Notes Payable in Exchange of Stock	145,000	145	15,681		15,826
Shares Issued for Services Rendered	200,000	200	9,800		10,000
Common Shares Issued for Cash Private Placement Diagnostic)			50,000		50,000
Net Loss for the Period (Unaudited)				(191,884)	(191,884)
<b>Balance - June 30, 2005 (Unaudited)</b>	<b>13,612,871</b>	<b>13,613</b>	<b>917,078</b>	<b>(1,456,405)</b>	<b>(525,714)</b>
Common Shares Issued for Cash and Accrued Interest Payable - Private Placement (Diagnostic)	1,725,000	1,725	34,525		36,250
Shares Issued for Services Rendered	1,185,000	1,185	58,065		59,250
Net Loss for the Period (Unaudited)				(207,375)	(207,375)
<b>Balance - December 31, 2005</b>	<b>16,522,871</b>	<b>16,523</b>	<b>1,009,668</b>	<b>(1,663,780)</b>	<b>(637,589)</b>
Conversion of Notes Payable in Exchange for Stock	4,000,000	4,000	396,000		400,000
Shares Issued for Services Rendered	300,000	300	23,700		24,000
Net Loss for the Period (Unaudited)				(167,186)	(167,186)
<b>Balance - June 30, 2006 (Unaudited)</b>	<b>20,822,871</b>	<b>\$ 20,823</b>	<b>\$ 1,429,368</b>	<b>\$ (1,830,966)</b>	<b>\$ (380,775)</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents****DIAGNOSTIC CORPORATION OF AMERICA AND SUBSIDIARY**

(A DEVELOPMENT STAGE COMPANY)

(A DELAWARE CORPORATION)

Clearwater, Florida

**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	Period From Date of Inception  (October 31, 2000)	Three Months Ended  June 30,	
	Through  June 30, 2006	2006	2005
<b>Revenues</b>	\$ 500	\$	\$
<b>Expenses</b>			
Commissions	11,250		
General and Administrative	52,847	1,063	4,199
Insurance	101,876	6,252	4,267
Interest	98,771	135	12,000
Investment Banker	39,970		
Management Fees	523,392	30,000	30,000
Marketing	137,014		9,540
Organizational Costs	164,853		
Payroll Taxes	19,413	956	1,042
Production Equipment	24,257		
Professional Fees	262,106	17,441	15,046
Rent	28,687	1,960	1,567
Salaries	288,104	12,501	12,501
Telephone	28,482	1,587	1,472
Transfer Agent Fees	16,102	486	5,317
Travel	34,664		272
<b>Total Expenses</b>	<b>1,831,788</b>	<b>72,381</b>	<b>97,223</b>
<b>Loss Before Other Income and Provision for Taxes</b>	<b>\$ (1,831,288)</b>	<b>(72,381)</b>	<b>(97,223)</b>
<b>Other Income</b>			
Interest Income	322		59
<b>Loss Before Provision for Taxes</b>	<b>\$ (1,830,966)</b>	<b>(72,381)</b>	<b>(97,164)</b>
Provision for Taxes			
<b>Net Loss for the Period</b>	<b>\$ (1,830,966)</b>	<b>\$ (72,381)</b>	<b>\$ (97,164)</b>
<b>Weighted Average Number of Common Shares Outstanding - Basic and Diluted</b>	<b>13,663,906</b>	<b>20,822,871</b>	<b>13,522,761</b>
<b>Net Loss per Common Share - Basic and Diluted</b>	<b>\$ (0.13)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>



The accompanying notes are an integral part of these financial statements.

**Table of Contents****DIAGNOSTIC CORPORATION OF AMERICA AND SUBSIDIARY**

(A DEVELOPMENT STAGE COMPANY)

(A DELAWARE CORPORATION)

Clearwater, Florida

**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED) - continued**

	Six Months Ended	
	2006	June 30, 2005
<b>Revenues</b>	\$	\$
<b>Expenses</b>		
General and Administrative	4,144	5,792
Insurance	10,368	8,664
Interest	8,994	24,000
Management Fees	60,000	60,000
Marketing	849	25,915
Payroll Taxes	1,912	1,998
Professional Fees	46,906	29,066
Rent	3,920	2,938
Salaries	25,002	25,002
Telephone	2,594	2,518
Transfer Agent Fees	1,472	5,529
Travel	1,025	603
<b>Total Expenses</b>	<b>167,186</b>	<b>192,025</b>
<b>Loss Before Other Income and Provisions for Taxes</b>	<b>(167,186)</b>	<b>(192,025)</b>
<b>Other Income</b>		
Interest Income		141
<b>Loss Before Provision for Taxes</b>	<b>(167,186)</b>	<b>(191,884)</b>
Provision for Taxes		
<b>Net Loss for the Period</b>	<b>\$ (167,186)</b>	<b>\$ (191,884)</b>
<b>Weighted Average Number of Common Shares Outstanding - Basic and Diluted</b>	<b>19,268,174</b>	<b>13,468,120</b>
<b>Net Loss per Common Share - Basic and Diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>

The accompanying notes are an integral part of these financial statements.

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(A DEVELOPMENT STAGE COMPANY)

(A DELAWARE CORPORATION)

Clearwater, Florida

**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Period From	Six Months Ended	
	Date of Inception (October 31, 2000) Through	June 30, 2006	June 30, 2005
<b>Cash Flows from Operating Activities</b>			
<b>Net Loss for the Period</b>	\$ (1,830,966)	\$ (167,186)	\$ (191,884)
<b>Non-Cash Adjustments:</b>			
Services and Expenses Paid by Shareholders	15,180		
Common Stock Issued for Services Rendered	138,250	24,000	10,000
<b>Changes in Assets and Liabilities:</b>			
Prepaid Expenses and Deposits	(650)		25,100
Accounts Payable	79,340	24,709	2,528
Accrued Interest Payable	60,469	8,994	
Accrued Payroll	76,256	26,914	(56)
Due to Stockholders	174,270	50,072	30,000
<b>Net Cash Flows from Operating Activities</b>	<b>(1,287,851)</b>	<b>(32,497)</b>	<b>(124,312)</b>
<b>Cash Flows from Investing Activities</b>			
<b>Cash Flows from Financing Activities</b>			
Contribution by Shareholder	200,350		
Proceeds from Issuance of Convertible Notes Payable	564,500		
Proceeds from Issuance of Notes Payable	150,000		
Proceeds from Stockholders Loan	6,500	6,500	
Proceeds from Loan Payable	25,000	25,000	
Proceeds from Issuance of Common Stock	492,434		
Proceeds from Granted Common Stock			50,000
Common Stock Repurchased	(150,000)		
<b>Net Cash Flows from Financing Activities</b>	<b>1,288,784</b>	<b>31,500</b>	<b>50,000</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>933</b>	<b>(997)</b>	<b>(74,312)</b>
Cash and Cash Equivalents - Beginning of Period		1,930	106,924
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 933</b>	<b>\$ 933</b>	<b>\$ 32,612</b>

- continued -

The accompanying notes are an integral part of these financial statements.



**Table of Contents****DIAGNOSTIC CORPORATION OF AMERICA AND SUBSIDIARY****(A DEVELOPMENT STAGE COMPANY)****(A DELAWARE CORPORATION)****Clearwater, Florida****CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) - continued**

	Period From Date of Inception (October 31, 2000) Through	Six Months Ended June 30,	
	June 30, 2006	2006	2005
<b>SUPPLEMENTAL DISCLOSURE</b>			
Interest Paid	\$ 38,300	\$	\$ 24,000
Income Taxes Paid	\$	\$	\$
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>			
Conversion of Accrued Interest Payable in Lieu of Cash Payment for Common Stock Issued	\$ 14,567	\$	\$
Issuance of Stock via Conversion of Convertible Notes Payable and Accrued Interest Payable	\$ 585,410	\$ 400,000	\$ 15,826
Issuance of Stock via Conversion of Notes Payable and Accrued Interest Payable	\$ 154,000	\$	\$

The accompanying notes are an integral part of these financial statements.

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**DIAGNOSTIC CORPORATION OF AMERICA AND SUBSIDIARY**

**(A DEVELOPMENT STAGE COMPANY)**

**(A DELAWARE CORPORATION)**

**Clearwater, Florida**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note A - Basis of Presentation**

The consolidated financial statements of Diagnostic Corporation of America and Subsidiary (the Company) included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). Certain information and footnote disclosures normally included in consolidated financial statements prepared in conjunction with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and the notes thereto included in the Company's annual report on Form 10-KSB, and other reports filed with the SEC.

The accompanying unaudited interim consolidated financial statements reflect all adjustments of a normal and recurring nature which are, in the opinion of management, necessary to present fairly the financial position, results of operations and cash flows of the Company for the interim periods presented. The results of operations for these periods are not necessarily comparable to, or indicative of, results of any other interim period or for the fiscal year taken as a whole. Factors that affect the comparability of financial data from year to year and for comparable interim periods include costs incurred to raise capital and stock awards.

**Note B - Loans Payable - Stockholders**

During February 2006, the Company entered into a loan agreement with a stockholder of the Company in the amount of \$5,000. The note bears interest at 10% per annum and is due on demand.

During March 2006, the Company entered into a loan agreement with a stockholder of the Company in the amount of \$1,500. The note bears interest at 10% per annum and is due on demand.

**Note C - Loan Payable**

During June 2006, the Company obtained a non-interest bearing loan with no specified repayment terms from WiFiMed, Inc. in the amount of \$25,000, secured by 3,000,000 shares of Company stock.

**Note D - Convertible Notes Payable**

On March 8, 2006, convertible notes payable of \$400,000 were converted into 4,000,000 restricted shares of common stock. In addition, the Consulting Agreement disclosed in the Company's annual report on Form 10-KSB, that would have become effective was mutually cancelled by the notes holder and the Company.

**Note E - Common Stock**

In February 2006, the Company issued 200,000 shares of its common stock to a consultant/stockholder for services rendered. The Company charged operations in 2006 for \$18,000 for the fair value of services rendered and credited common stock and additional paid-in-capital for \$200 and \$17,800, respectively.

In March 2006, the Company issued 100,000 shares of its common stock to a consultant for services rendered. The Company charged operations in 2006 for \$6,000 for the fair value of services rendered and credited common stock and additional paid-in-capital for \$100 and \$5,900, respectively.

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**DIAGNOSTIC CORPORATION OF AMERICA AND SUBSIDIARY**

**(A DEVELOPMENT STAGE COMPANY)**

**(A DELAWARE CORPORATION)**

**Clearwater, Florida**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note F - Recently Issued Accounting Standards**

In March 2006, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standard ( SFAS ) No. 156, Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140 ( SFAS 156 ). SFAS 156 amends FASB Statement No. 140 with respect to the accounting for separately recognized servicing assets and servicing liabilities. SFAS 156 requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practical. SFAS 156 is effective as of the beginning of the first fiscal year that begins after September 15, 2006. As such, the Company is required to adopt these provisions at the beginning of the fiscal year ended December 31, 2007. The Company is currently evaluating the impact of SFAS 156 on its consolidated financial statements.

**Note G - Going Concern**

The Company s financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has reported net losses of \$1,830,966 through June 30, 2006. As a result, there is an accumulated deficit of \$1,830,966 at June 30, 2006.

The Company s continued existence is dependent upon its ability to raise capital or to successfully market and sell its products. The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

We are a development stage company, incorporated under the laws of the State of Delaware on October 31, 2000 as Galli Process, Inc. On December 31, 2001, Galli Process, Inc. became a majority owned subsidiary of City View TV, Inc., a Florida corporation ( "City View" ). On February 7, 2002, Galli Process, Inc. changed its name to Global Broadcast Group, Inc. On March 1, 2002, City View merged into Global Broadcast Group, Inc., which was the surviving entity. On November 12, 2004, we changed the name of the Company to Diagnostic Corporation of America ( "DCA" ). Our executive offices are located at 14375 Myer Lake Circle, Clearwater FL 33760 and our telephone number is (727) 533-8300. Our website is dgcponline.com.

We initially began developing technology and programming for the delivery of advertising based content through satellite transmission and the Internet. In 2004, we redirected our marketing efforts to focus sales of our products and services to the medical diagnostic industry. To accomplish this, we activated a wholly owned subsidiary, Diagnostic Medical Partners, LLC, a Florida limited liability company ( "DMP" ) for the purpose of marketing and leasing diagnostic medical equipment. In 2005, we began the process of identifying outpatient diagnostic healthcare facilities with the goal of consolidating several facilities into a larger network to provide management expertise and operating efficiencies.

In our search for acquisition candidates, we met the principals of WiFiMed, Inc., a Delaware Corporation ( "WiFiMed" ), and a private, development stage company, that provides wireless patient information through its proprietary product Tablet MD to physicians and health care providers. After preliminary inquiry, in March 2006, we entered into an agreement in principle with WiFiMed to effect a reverse merger, subject to customary due diligence, board approval and the negotiation and execution of a definitive agreement of merger. As of the date of this Report, we have not finalized the terms of a merger agreement.

**Factors Relating to Forward-Looking Statements**

In connection with forward-looking statements contained in this Form 10-QSB and those that may be made in the future by or on behalf of the Company which are identified as forward-looking by such words as "believes," "intends" or words of a similar nature, the Company notes that there are various factors that could cause actual results to differ materially from those set forth in any such forward-looking statements. The forward-looking statements contained in this Form 10-QSB were prepared by management and are qualified by, and subject to, significant business, economic, competitive, regulatory and other uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of the Company. Accordingly, there can be no assurance that the forward-looking statements contained in this Form 10-QSB will be realized or the actual results will not be significantly higher or lower.



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These forward-looking statements have not been audited by, examined by, compiled by or subjected to agreed-upon procedures by independent accountants, and no third party has independently verified or reviewed such statements. Readers of this Form 10-QSB should consider these facts in evaluating the information contained herein. In addition, the business and operations of the Company are subject to substantial risks which increase the uncertainty inherent in the forward-looking statements contained in this Form 10-QSB. The inclusion of the forward-looking statements contained in this Form 10-QSB should not be regarded as a representation by the Company or any other person that the forward-looking statements contained in this Form 10-QSB will be achieved. In light of the foregoing, readers of this Form 10-QSB are cautioned not to place undue reliance on the forward-looking statements contained herein.

### **Results of Operations for the Quarter ended June 30, 2006 as Compared to Quarter ended June 30, 2005**

The following discussion is based upon, and should be read in conjunction with our consolidated financial statements for the periods ended June 30, 2006 (unaudited) and December 31, 2005 (audited) and the related statements of operations and statements of cash flows, for the six months ended June 30, 2006 and 2005 and the period from inception (October 31, 2000) through June 30, 2006, together with the notes to the consolidated financial statements. The accompanying consolidated financial statements include the accounts of Diagnostic Corporation of America ( DCA ) and our wholly owned subsidiary, Diagnostic Medical Partners, LLC, a Florida limited liability company ( DMP ).

#### ***Revenues***

Revenues for the quarter ended June 30, 2006 were \$0, no change from the \$0 reported for the quarter ended June 30, 2005.

#### ***Selling Expenses***

Selling expenses (marketing, commissions and travel) for the quarter ended June 30, 2006 were \$0 as compared to \$9,812 for the quarter ended June 30, 2005. Selling expenses substantially decreased in light of our pending reverse merger with WiFiMed described under Plan of Operation .

#### ***General and administrative expenses***

General and administrative expenses for quarter ended June 30, 2006 were \$72,246, a decrease of \$3,165 or 4% as compared to \$75,411 for the quarter ended June 30, 2005. General and administrative expenses primarily include salaries, investment banker fees, management fees, professional fees and general operating expenses. We also realized a 47% increase in insurance expenses for the quarter ending June 30, 2006, up from \$4,267 for the quarter ending June 30, 2005 due to a

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monthly rate increase from United Healthcare. Increases were offset by a significant decrease in our general administrative expenses from \$4,199 for the quarter ended June 30, 2005 to \$1,063 for the quarter ended June 30, 2006 and transfer agent fees which were \$5,317 for the quarter ending June 30, 2005, as compared to \$486 for the quarter ending June 30, 2006.

### ***Interest expense***

Interest expense for the quarter ended June 30, 2006 was \$135 as compared to \$12,000 for the quarter ended June 30, 2005 due to certain Convertible Notes Payable entered into during the first quarter of 2006.

## **Six months ended June 30, 2006 as compared to six months ended June 30, 2005**

### **Revenues**

Revenues for the six months ended June 30, 2006 were \$0, no change from the \$0 reported for the six months ended June 30, 2005.

### **Selling Expenses**

Selling expenses (marketing, commissions and travel) for the six months ended June 30, 2006 were \$1,874 as compared to \$26,518 for the six months ended June 30, 2005. As indicated in our quarterly comparison, the decrease was due to suspended activity pending due diligence of the proposed reverse merger with WiFiMed.

### **General and administrative expenses**

Total general and administrative expenses for six months ended June 30, 2006 were \$156,318 an increase of 17% as compared to \$141,507 for the six months ended June 30, 2005. Transfer agent fees were \$1,472 for the six months ending June 30, 2006, as compared to \$5,529 for the six months ending June 30, 2005. Our overall general and administrative expenses also decreased 28% from \$5,792 for the six months ended June 30, 2005 to \$4,144 for the six months ended June 30, 2006. Decreases were offset by an increase in insurance expenses, \$10,368 for the six months ending June 30, 2006, an increase of \$1,704 or 20% up from \$8,664 for the six months ending June 30, 2005 due an increase in monthly premiums from United Healthcare. Professional fees increased 61% for the period ended June 30, 2006 due to costs associated with the proposed reverse merger.

### **Interest expense**

Interest expense for the six months ended June 30, 2006 was \$8,994, a decrease of \$15,006 or 63% compared to \$24,000 for the six months ended June 30, 2005. This was due to the conversion of certain notes into shares of our common stock during the first quarter of 2006.

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***Liquidity and Capital Resources***

As reflected in the Statement of Cash Flows for the six months ended June 30, 2006 and 2005, net cash flow from operating activities for the six months ended June 30, 2006 was (\$32,497) a decrease of (\$91,815) or 74% as compared to (\$124,312), for the six months ended June 30, 2005. We realized a significant increase in accounts payable from \$2,528 for the period ended June 30, 2005, to \$24,709 for the period ended June 30, 2006. Our accrued interest payable was \$8,994 for the period June 30, 2006, as compared to \$0 for the period ended June 30, 2005. Accrued payroll was \$26,914 for the period ended June 30, 2006 compared to (\$56) as of June 30, 2005.

We continue to rely upon proceeds realized from the issuance of notes payable and stock sold to an existing shareholder to meet our funding requirements. Due to the lack of any significant revenues, we have relied upon proceeds from the sales of our common stock through private placements and the issuance of notes payable to meet our funding requirements. Funds raised by us in the second quarter of 2006, were spent primarily in connection with due diligence of the proposed reverse merger.

In the immediate future, we expect to spend an additional \$5,000 to \$10,000 on due diligence costs. The significant expenses will be professional fees which will include additional legal, audit and accounting fees associated with the proposed reverse merger.

***Financing/Capital Commitments***

In connection with the proposed reverse merger, WiFiMed loaned \$25,000 to DCA. The loan was secured by 3,000,000 shares of DCA common stock subject to the terms and conditions of a Stock Pledge Agreement and Promissory Note.

Although our stockholders have committed to providing additional funds if funding is not available from any other sources, we cannot give assurance that our stockholders will continue to fund us or that we will enter into any new commitment, or that the terms of any such commitments will be on terms favorable to us. We may, if necessary, conduct a private placement or public offering of our stock.

***Off-Balance Sheet Items***

We have no material off-balance sheet arrangements.

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### **Application of Critical Accounting Policies**

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates and assumptions are affected by management's application of accounting policies. Our critical accounting policies include revenue recognition, accounting for income taxes and earnings per share, and accounting and reporting for development stage companies. A summary of our significant accounting policies is set forth in Note C to our consolidated financial statements attached to our Form 10-KSB filed March 23, 2006.

### **Recently Issued Accounting Standards**

Several Statements of Financial Accounting Standards were recently issued that apply to the Company and will likely be adopted by the Company in 2006. These statements are more fully described in Note C to our consolidated financial statements attached to our Form 10-KSB filed March 23, 2006, and apply to accounting changes and error corrections and accounting for certain hybrid financial instruments. We are currently evaluating the impact of these statements on our future consolidated financial statements and operations.

### **Plan of Operation**

In March 2006, we entered into an agreement in principle with WiFiMed to effect a reverse merger. If consummated, the transaction will involve, among other things, a change in control and will likely involve significant dilution to our current stockholders. Under the proposed terms, we will form a wholly owned subsidiary ( Newco ); implement a reverse split of approximately 1:8; and increase our authorized capital to 75,000,000 shares. Upon completion of these events, Newco will merge with and into WiFiMed with WiFiMed remaining as the surviving corporation and become a wholly-owned subsidiary of DCA (the Merger ). In exchange for shares of WiFiMed stock, WiFiMed stockholders will be entitled to receive such number of shares of our stock representing approximately 90% of the outstanding common shares of DCA after giving effect to the Merger. Upon completion of the Merger, we will cease all of our current remaining operations and will adopt and implement the business plan of WiFiMed.

As of the date of this Report, we have not executed a definitive merger agreement and continue to finalize the terms of the transaction.

### **Employees**

We have two full-time employees.

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**ITEM 3. CONTROLS AND PROCEDURES**

There have been no changes in our internal control over financial reporting as defined in Rule 13a-15(f) of the Act that occurred during the quarter ended June 30, 2006, that has materially affected, or is reasonably likely to affect, our internal control over the financial reporting. We intend to continually review and evaluate the design and effectiveness of our disclosure controls and procedures and to improve our controls and procedures over time and to correct any deficiencies that we may discover in the future.

**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

As of the date of this report, we are not a party to any pending legal proceeding and are not aware of any threatened legal proceeding.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

In June 2006, we agreed to reserve 3,000,000 shares of restricted common stock to secure a \$25,000 promissory note from WiFiMed pursuant to the terms of our agreement in principle with WiFiMed and subject to completion of a definitive merger agreement. This transaction was exempt from registration under Section 4(2) of the Securities Act.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

There have been no material defaults in the payments of principal, interest, a sinking or purchase fund installment, or any other material default not cured within thirty days during the quarter covered by this report.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

No matter has been submitted to a vote of security holders through solicitation or proxies during the quarter covered by this report.

**ITEM 5. OTHER INFORMATION**

We entered into an agreement in principle with WiFiMed, Inc., a Delaware Corporation ( WiFiMed ), to effect a reverse merger transaction as more fully described in Item 2 of this Report and on Form 8-K filed March 24, 2006.

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**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

(a) The exhibits required by Item 601 of Regulation S-B, as described in the following index of exhibits, are incorporated by reference or filed with this report as follows:

<b>EXHIBIT NO.</b>	<b>DESCRIPTION OF EXHIBIT</b>
31	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(b) N/A	

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned authorized officers.

Date: August 18, 2006

/s/ Sam Winer  
Sam Winer  
Chief Executive Officer, Chief Financial Officer,  
  
Secretary and Chairman of the Board of Directors

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