COMPREHENSIVE HEALTHCARE SOLUTIONS INC
Form 10QSB
July 15, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 30, 2005

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-26715

COMPREHENSIVE HEALTHCARE SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**58-0962699**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

45 Ludlow Street, Suite 602

Yonkers, New York 10705

(Address of principal executive offices) (Zip Code)

(914) 375-7591

(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 |_|

State the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date: As of July 14, 2005, we had 16,055,470 shares of common stock outstanding, $0.10 par value.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements:

BASIS OF PRESENTATION

The accompanying unaudited financial statements are presented in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The accompanying statements should be read in conjunction with the audited financial statements for the year ended February28, 2005. In the opinion of management, all adjustments (consisting only of normal occurring accruals) considered necessary in order to make the financial statements not misleading, have been included. Operating results for the three months ended May 30, 2005 are not necessarily indicative of results that may be expected for the year ending February 28, 2006. The financial statements are presented on the accrual basis.

COMPREHENSIVE HEALTHCARE SOLUTIONS, INC.

(f/k/a NANTUCKET INDUSTRIES, INC. AND SUBSIDIARIES)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2005

(Unaudited)

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Comprehensive Healthcare Solutions, Inc. and Subsidiaries
(f/k/a Nantucket Industries, Inc. and Subsidiaries)
Condensed Consolidated Balance Sheet

	May 31, 2005 (Unaudited)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 14,524
Accounts receivable, net	42,693
Other current assets	11,067
Total current assets	68,284
Property and equipment, net	53,316
Goodwill, net	176,975
Intangible assets, net	626,670
Total Assets	$ 925,245
LIABILITIES AND STOCKHOLDERS EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	$ 161,440
Secured loan payable	200,000
Total current liabilities	361,440
Revolving line of credit	30,000
Due to related party	20,500
Other liabilities	19,821
Total Liabilities	431,761
Stockholders equity:	
Preferred stock, no par value; 5,000 shares authorized and no shares issued and outstanding	-
Common stock, $.10 par value: 20,000,000 shares, 13,303,959 shares issued	1,330,395
Additional paid-in capital	14,391,216
Deferred stock - based consulting	(367,538)
Accumulated deficit	(14,860,589)
Total stockholders equity	493,484
Total Liabilities and Stockholders Equity	$ 925,245

The accompanying notes are an integral part of these financial statements

Comprehensive Healthcare Solutions, Inc. and Subsidiaries
(f/k/a Nantucket Industries, Inc. and Subsidiaries)
Condensed Consolidated Statements of Operations
For the Three Months Ended May 31, 2005 and 2004

		Three Months Ended May 31, 2005 (Unaudited)		Three Months Ended May 31, 2004 (Unaudited)
Net sales	$	137,427	$	115,479
Cost of sales		115,322		71,912
Gross profit		22,105		43,567
Selling, general and administrative expenses		230,382		224,052
Loss from operations		(208,277)		(180,485)
Other expense:				
Interest expense		2,767		1,394
Depreciation and amortization		11,635		12,377
Total other expense		14,402		13,771
Loss before income taxes		(222,679)		(194,256)
Income taxes		-		-
Net loss	$	(222,679)	$	(194,256)
Weighted average shares outstanding - basic and diluted		13,303,959		12,351,180
Loss per share - basic and diluted		(0.02)		(0.02)

The accompanying notes are an integral part of these financial statements

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Comprehensive Healthcare Solutions, Inc. and Subsidiaries
(f/k/a Nantucket Industries, Inc. and Subsidiaries)
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended May 31, 2005 and 2004

		Three Months Ended May 31, 2005 (Unaudited)		Three Months Ended May 31, 2004 (Unaudited)
Cash Flows from Operating Activities:				
Net loss	$	(222,679)	$	(194,256)
Adjustments to reconcile net loss to net cash used in operating activities:				
Provision for bad debt		(10,000)		22,500
Depreciation and amortization		11,635		12,377
Deferred stock-based consulting		54,003		-
Decrease (increase) in assets:				
Accounts receivable		16,195		(14,267)
Inventories		-		(255)
Prepaid expenses		-		(26,010)
Other current assets		-		5,000
Accounts payable and accrued expenses		(51,763)		7,959
Net cash used by operating activities		(202,609)		(186,952)
Cash Flows from Investing Activities:				
Purchases of property and equipment		-		(288,088)
Increase in other assets		-		(81,288)
Net cash used by investing activities		-		(369,376)
Cash Flows from Financing Activities				
Issue of stock for operations		-		568,350
Proceeds from capital lease		-		5,405
Proceeds from loans		200,000		
Net cash provided by financing activities		200,000		573,755
Net increase (decrease) in cash and cash equivalents		(2,609)		17,427
Cash and cash equivalents, beginning of the period		17,133		172,429
Cash and cash equivalents, end of the period	$	14,524	$	189,856
Supplemental Disclosure of Cash Flow Information:				
Cash paid during the period for:				
Interest	$	2,767	$	1,394
Income taxes	$	-	$	-

The accompanying notes are an integral part of these financial statements

Comprehensive Healthcare Solutions, Inc. and Subsidiaries

(f/k/a Nantucket Industries, Inc. and Subsidiaries)

Notes to Condensed Consolidated Financial Statements

For the Three Months Ended May 31, 2005

NOTE 1 - ORGANIZATION

Comprehensive Healthcare Solutions, Inc. and its wholly owned subsidiaries (f/k/a Nantucket Industries, Inc. and Subsidiaries), (the Company) is engaged in the business of selling and distributing hearing aids and providing the related audiological services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The accompanying interim unaudited financial information has been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of May 31, 2005 and the related operating results and cash flows for the interim period presented have been made. The results of operations of such interim period are not necessarily indicative of the results of the full year. For further information, refer to the financial statements and footnotes thereto included in the Company s 10-KSB and Annual Report for the fiscal year ended February 29, 2005.

Use of Estimates

Use of estimates and assumptions by management is required in the preparation of financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates and assumptions.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing earnings available to common shareholders by the weighted-average number of common shares outstanding for the period as required by the Financial Accounting Standards Board (FASB) under Statement of Financial Accounting Standards (SFAS) No. 128, Earnings per Shares . Diluted EPS reflects the potential dilution of securities that could share in the earnings.

NOTE 3 SUBSEQUENT EVENTS

On June 1, 2005, by agreement of the parties, the Company converted its outstanding note in the amount of $200,000 into shares of the Company s common stock.

On July 13, 2005, the commissioners of Lehigh County, Pennsylvania approved commissioners bill #2005-68 approving a professional services agreement with the Company to provide prescription discount cards to the approximate 310,000 residents of the county. The county has requested that the Company initially print 350,000 cards. The initial distribution will commence at the Lehigh county fair on August 30, 2005 with a press conference and promotional kick-off on August 30, 2005. While the bill has been by passed the commissioners, the passage of the bill requires the signature of the county executive. The bill will take effect 10 days from the signing of the bill by the county executive as mandated by county regulations.

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

Certain statements contained in this filing are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to financial results and plans for future business development activities, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, economic conditions, competition and other uncertainties detailed from time to time in the Company s filings with the Securities and Exchange Commission.

The Company

Directly, and indirectly through our subsidiaries, Accutone Inc. and Interstate Hearing Aid Service Inc., we are in the business of distributing and dispensing custom hearing aids. Accutone Inc. was formed under the laws of the State of Pennsylvania in October 1996 for the purpose of engaging in the manufacture, dispensing, and distribution of hearing aids. In 1998, Accutone acquired 100% ownership of Interstate, a Pennsylvania corporation and an FDA licensed hearing aid manufacturer which had been in the hearing aid business for approximately 35 years. In the Fall of 2000, Accutone discontinued all manufacturing operations and changed the focus of its marketing to be concentrated through Interstate Hearing Aid Service, Inc. to include, not only the individual, self-pay patients, but health care entities and organizations which could serve as patient referral sources for us. At that time, the hearing aid industry was competitively changing at a rapid pace. As a result management decided to identify additional business opportunities for substantial growth in various portions of the medical industry. Based on marketing research, management redirected its focus towards the 44 million plus uninsured and underinsured people throughout the United States.

To position ourselves to take advantage of this huge market, on March 1, 2004 pursuant to a Stock Purchase Agreement, we acquired one hundred percent (100%) of the issued and outstanding shares of common stock of Comprehensive Network Solutions, Inc. (CNS) based in Austin, Texas from the CNS shareholders in consideration for the issuance of a total of 250,000 restricted shares of our common stock to the CNS shareholders. Pursuant to the Agreement, CNS became our wholly owned subsidiary. Based on this acquisition, we changed our name to Comprehensive Healthcare Solutions, Inc. to better reflect the fact that we operate in several medical venues. This acquisition has positioned us to take full advantage of the opportunity to become a major player providing access to discounted health care provider networks and services.

In addition to marketing our services, we are continuing to attempt to expand our audiological staff and the level of operations and profitability at our existing offices as well as operations at new retail sales and dispensing offices in the New York Metropolitan area. Our long term goal in the audiological field is to expand our operations in this concentrated geographic area. To date such expansion has been curtailed by our failure to obtain significant financing.

Currently, net sales substantially refer to fees earned by the provision of audiological testing in our offices as well as those provided on site in Nursing Homes, Assisted Living Facilities, Senior Care Facilities and Adult Day Care Centers as well as the sales and distribution of hearing aids generated in each of these venues. A majority of our audiology sales have represented reimbursement from Medicare, Medicaid and third party payors. Generally, reimbursement from these parties can take as long as 120 to 180 days. With the implementation of the billing of Medicare payers on-line we have recognized a shorter time of reimbursement from 120 days to approximately 90 days. Medicaid reimbursements can only be billed with various paper submissions which are mailed on a weekly basis. While we have attempted to find a method of expediting this paper submission process it seems unlikely that we will be able to accomplish this in our near future. As a result, Medicaid payments, which constitute approximately 60% of our reimbursement will continue to take 120 to 180 days to be realized.

Management had anticipated a growth in revenues resulting from the prior acquisition of the audiology practice of Park Avenue. This has not come to fruition. We believe that this was caused in part by our inability to attract additional audiologists on a timely basis and insufficient working capital as well as Management concentration of acquiring new businesses in related medical fields. Management believes that revenues will increase in future periods as a result of the acquisition of CNS and the marketing of the new medical discount cards.

The acquisition of CNS allows us to utilize the resources of both companies to enter the health benefit market with consumer choice products for individuals, employers, associations, unions and political subdivisions. CNS business plan focuses on marketing health care benefits that enable the prospective clients to choose appropriate providers and financial arrangements that best meet their individual needs. The business plan also includes the complete development and market implementation of a high quality musculoskeletal disease management program for target markets with directed care of workers compensation cases.

CNS was organized in June 2002 with headquarters in Austin, Texas. The company has been focused on specialty health benefits products, including three levels of provider networks and one limited indemnity medical insurance plan. During the last year we have expanded our product with additional benefits and alternative benefit funding options. These new expanded products are being offered through a captive retail sales operation to individuals and small employers; and customized private label versions of the products through its broker and consultant relationships to associations, unions political subdivisions and large employers. The offerings are alternative cost and quality benefit solutions to prospects and clients who are uninsured or underinsured through existing traditional defined benefit health plans.

Our goals include a plan to develop disease management treatment guidelines that would address back, neck and upper extremity musculoskeletal conditions specifically for workers compensation. During the past year, these guidelines have been codified and copyrighted. Through an affiliation with Health Partners, the strategy is to develop exclusive provider organizations (EPO) in markets where state regulation enables workers compensation plans to direct injured workers to specific health care providers. (see subsequent event) Our EPOs will be marketed to workers compensation and employee benefit plans on the basis access fees, case management fees and shared savings of future medical costs versus historic medical costs and patient outcomes.

Medical Discount Card Product and Marketing

We now focus on specialty health benefits products, including, but not limited to three levels of provider networks and one limited indemnity medical insurance plan. We have been and will continue to work on expanding our product with additional benefits and alternative benefit funding options. As a result of the shift in focus of our business we have decided to change our name to Comprehensive Healthcare Solutions, Inc. to better reflect our marketing of The Solution Card . Both Comprehensive Healthcare Solutions and The Solution Card were trademarked by us for further protection for our new business operations. These new expanded products are currently being offered to large employers, fraternal organizations, union benefit funds, business associations, insurance companies, municipalities and insurance agencies. The offerings are alternative cost and quality benefit solutions to prospects and clients who are uninsured or underinsured. These expanded products are also being offered to groups set forth above whose medical care costs are covered through existing traditional defined benefit health plans and have experienced large percentage increases in premiums as well as shrinking coverage and higher deductibles. The range of discounts on the medical services and products with the Solution Card family of products is between 10% and 60% with an overall average savings of 22% to 28%.

Management believes the core of our needs have been met with the finalization of a joint venture agreement with Alliance HealthCard, inc. (ALHC) on December 18, 2004. Alliance HealthCard, Inc. creates, markets and distributes membership discount savings programs to predominantly underserved markets, where individuals have either limited or no health benefits. These programs allow members to obtain substantial discounts in 16 areas of health care services including physician visits, hospital stays, pharmacy, dental, vision, patient advocacy and alternative medicine among others. The company offers third-party organizations self-branded or private-label healthcare discount savings programs through its existing provider network agreements and systems. Founded in 1998 by health care and finance experts, Alliance HealthCard now provides access to a network of over 600,000 healthcare professionals for the over 800,000 individuals covered by the Alliance HealthCard. Alliance HealthCard, inc. is based in Norcross, GA.

In February 2005, Comprehensive Alliance Group, Inc., the joint venture company we formed with Alliance, finalized an agreement with Financial Independence Company Insurance Services (FICIS) of Woodland Hills, California. The agreement is for the distribution of health discount cards by FICIS to Cendant franchisees, their employees and associates. These discount cards will offer to the Cendant Group a choice of affordable and convenient health care options nationwide. A recent U.S. Census bureau survey reported that approximately 44.3 million Americans do not have health insurance coverage.

The initial product offerings under this agreement commenced in January 2005 during the Cendant Vehicle Services conference that included the Avis, Budget and First Fleet agencies. The second offering took place during February 2005 at the Cendant Real Estate Services conference that included all of the Cendant franchise real estate agencies including Cendant Mobility, Cendant Mortgage, Cendant Settlement Services, Coldwell Banker Commercial, ERA, NRT and Southeby s International and Century 21 agencies. The above agencies represent over 300,000 franchisees, sales associates and employees. Additionally, these discount cards were subsequently offered to the balance of the Cendant franchisees in the areas of hospitality and travel agencies which represent approximately an additional 300,000 franchisees, sales associates and employees. Management expects these venues to begin to generate revenues by the quarter ending August 30, 2005 and more significant revenues by the quarter ending November 30, 2005.

Management believes that we will generate the additional significant revenues as a result of the agreement signed in April 2005 with Luzerne County, Pennsylvania. In May 2005, we delivered over 300,000 Luzerne County discount prescription cards to Luzerne County, Pa., Commissioners Offices for distribution to residents of Luzerne County. The agreement calls for Luzerne County to share in a portion of the revenues generated by the utilization of the discount prescription cards by its residents.

On July 13, 2005, the commissioners of Lehigh County, Pennsylvania approved commissioners bill #2005-68 approving a professional services agreement with the Company to provide prescription discount cards to the approximate 310,000 residents of the county. The county and the company have agreed to work together to have as many of the prescription discount cards distributed as quickly as possible subsequent to the anticipated delivery date of August 15, 2005. The county has requested that the Company initially print 350,000 cards. While the Company has been verbally notified that the commissioner s office does not anticipate an issue with the signing of this bill by the county executive, there can be no assurance that the county executive will sign the bill. The bill will take effect 10 days from the signing of the bill by the county executive as mandated by county regulations.

The Comprehensive Alliance Group brings to FICIS its packaging of health care discount arrangements through premier preferred provider networks. As a result of Comprehensive Alliance Group s combined successful 6 years experience in packaging discount programs, FICIS chose to integrate these capabilities into their offering of health benefit services to the Cendant Group of companies.

Although the Company does not sell insured plans the discounts realized by its members through its programs typically range from 10% to 75% off providers usual and customary fees. The Company s programs require members to pay the provider at the time of service, thereby eliminating the need for any insurance claims filing. These discounts, which are similar to managed care discounts, typically save the individual more than the cost of the program itself.

Membership Service Programs

The Company will initially offer memberships to individuals, large employers, unions, union benefits funds, associations and insurance companies. Cardholders will be offered discounts for products and services ranging from 10% to 75% depending on the area of coverage and the specific procedures.

Marketing efforts during this period resulted in management recognizing the need to have a strong, structured and defined working relationship with organizations experienced in the sales, distribution and administration of membership healthcare discount savings programs. Additionally, management recognized the need for structured and defined access agreements with quality healthcare professionals through national preferred provider organizations.

Management believes these joint ventures and marketing agreements will add to our revenues and potential profitability. These agreements allow us to develop product pricing unique to the healthcare discount savings market. Management acknowledges that these agreements are positive steps but cannot guarantee that the results of these efforts will succeed.

Our expectations are that the recently signed joint venture agreement with Alliance Healthcard, Inc. as well as the acquisition of Comprehensive Network Solutions combined with accelerated marketing of the medical health care discount cards will add to both the Company s revenues and profitability. It should be noted that the expenses related to the sales and marketing of these discount cards have utilized and will continue to utilize a major portion of any additional working capital realized in the last six months or that they will achieve the required sales volume to generate anticipate profitability.

In April 2005, we signed our first agreement with a municipal government; Luzerne County, Pennsylvania. In May 2005, we delivered over 300,000 Luzerne County discount prescription cards to Luzerne County, Pa., Commissioners Offices for distribution to residents of Luzerne County. The agreement calls for Luzerne County to share in a portion of the revenues generated by the utilization of the discount prescription cards by its residents.

In May 2005, the State of Texas passed House Bill #7 reforming workers compensation system with the provision which allows for directed care in workman s compensation medical care benefits. CNS is currently the only company licensed in the State of Texas as a Utilization Review Organization. This should potentially give it sole access to the provision of this bill when and if other companies obtain appropriate licensure. CNS is currently in negotiations with 3 Texas workers compensation companies to become the organization to be utilized for directed care in the workers compensation arena for these entities

On July 13, 2005, the commissioners of Lehigh County, Pennsylvania approved commissioners bill #2005-68 approving a professional services agreement with the Company to provide prescription discount cards to the approximate 310,000 residents of the county. The county and the company have agreed to work together to have as many of the prescription discount cards distributed as quickly as possible subsequent to the anticipated delivery date of August 15, 2005. The county has requested that the Company initially print 350,000 cards. The initial distribution will commence at the Lehigh county fair on August 30, 2005 with a press conference and

promotional kick-off on August 30, 2005. The county has also indicated that it has invited approximately 35 organizations within the county to participate in making available the prescription discount cards. Some of these organizations include the Lehigh County Medical Society, Lehigh County Aging/Adult Services Offices, Lehigh County Human Resources Offices as well as other service and religious organizations throughout the county. The county has also indicated that it is the best interest of its residents, the county and the Company to accelerate the distribution of the cards. While the bill has passed the commissioners, the passage of the bill requires the signature of the county executive. While the Company has been verbally notified that the commissioner s office does not anticipate an issue with the signing of this bill by the county executive, there can be no assurance that the county executive will sign the bill. The bill will take effect 10 days from the signing of the bill by the county executive as mandated by county regulations.

Proposed Financing Plans

We believe that our success will be largely dependent upon our ability to raise capital and then use such funds to:

* Expand our marketing presence to other municipalities, unions, fraternal organizations, religious organizations and other large employer groups;
* To cover the costs of production and distribution of our anticipated additional 1,500,000-2,500,000 cards to be sold and or distributed in the next 12-18 months
* To hire additional marketing, administrative and service personnel;
* To increase awareness of our medical discount cards at various trade shows;

In order for us to implement our business plan, we will require financing in a minimum amount of $1,000,000-$2,000,000 during the next twelve months. To date, although we have received some financing the amounts raised were sufficient to cover overhead and expenses but additional funds will be necessary for the expansion of our business operations. At this time, we are unable to state what the terms of the anticipated private placement will be or the amount of shareholder dilution which will result from the intended financing.

If we fail to do so, our growth will continue to be curtailed and we will concentrate on increasing the volume and profitability of our existing outlets, using any surplus cash flow from operations to expand our business as quickly as such resources will support.

Results of Operations

THREE MONTHS ENDED MAY 30, 2005 COMPARED TO THREE MONTHS ENDED MAY 30, 2004

Sales for the first quarter of fiscal year ended 2005 and 2004 were $137,427 and $115,479, respectively. Our failure to materially increase sales was due in combination of failure to raise additional working capital on a timely basis, decrease in Medicaid reimbursement rates and the refocusing of our marketing efforts to the medical discount cards which have not yet generated significant revenues.

Cost of sales were $115,322 and $71,912, respectively. The increase was due to the higher costs of retaining audiological personnel as well as an increase in sales and related product costs.

Selling, General and Administrative Expenses

Selling, general and administrative costs were $230,382 and $224,052, respectively. This substantial increase was due for the most part to increased marketing and promotional fees for our medical discount card programs as well as our failure of CNS, our subsidiary, to generate revenues as anticipated. This lack of revenues was mostly caused by the reconfiguration of the products which were originally intended to be marketed in the Texas and Midwest marketplace.

It should be noted, however, that with the passage of legislation of Texas in May 2005 the future revenues to be generated by CNS should potentially increase dramatically.

Liquidity and Capital Resources

We incurred significant operating losses in recent years which resulted in severe cash flow problems that negatively impacted our ability to conduct our business as structured and ultimately caused us to become and remain insolvent. The audiology portion of the company, utilizing the increasing sales and projected potential profitability should generate working capital to finance its current operations, but not enough to expand its scope of business activities.

We estimate that in order for us to achieve our marketing goals successfully for our Solution Card and its other related products in both New York and Texas we will require between $1,000,000 and $2,000,000. Some of these funds will have to be obtained from sources other than the anticipated cash flows from the sale of our cards in the quarter ended August 31, 2005. As noted above, under Proposed Financing Plans , it is our intention to make a private placement of our equity or convertible debt securities in an amount of at least $1,000,000. We do not have any established bank credit lines or relationships in place at this time. However, we are optimistic that if we are able to raise a minimum of $750,000 through the sales of our securities, we will be able to establish credit lines that will further enhance our ability to finance the expansion of our business. There can be no assurance that we will be able to obtain outside financing on a debt or equity basis on favorable terms, if at all. In the event that there is a failure in any of the finance-related contingencies described above, the funds available to us may not be sufficient to cover the costs of our operations, capital expenditures and anticipated growth during the next twelve months. However, we believe that, even if we are unable to raise the required outside financing we can curtail our growth to such a degree so as to maintain increased operations.

Although the capital markets have a perceived improvement, we are cautiously optimistic of our abilities to achieve these goals. Along these lines we are actively pursuing potential businesses alliances with privately held businesses in like and or compatible industries. We believe that the addition of both sales volume growth and profitability will greatly assist us in successfully raising additional capital.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in market prices and rates. Our short-term debt bears interest at fixed rates; therefore our results of operations would not be affected by interest rate changes.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our principal executive officer and principal financial officer evaluated our disclosure controls and procedures (as defined in rule 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended) as of a date within 90 days before the filing of this annual report (the Evaluation Date). Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of the Evaluation Date, the disclosure controls and procedures in place were adequate to ensure that information required to be disclosed by us, including our consolidated subsidiaries, in reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported on a timely basis in accordance with applicable rules and regulations. Although our principal executive officer and principal financial officer believes our existing disclosure controls and procedures are adequate to enable us to comply with our disclosure obligations, we intend to formalize and document the procedures already in place and establish a disclosure committee.

Changes in internal controls

We have not made any significant changes to our internal controls subsequent to the Evaluation Date. We have not identified any significant deficiencies or material weaknesses or other factors that could significantly affect these controls, and therefore, no corrective action was taken.

PART II - OTHER INFORMATION

Item 1.	Legal Proceedings:	None
Item 2.	Changes in Securities:	None
Item 3.	Defaults Upon Senior Securities:	Not Applicable
Item 4.	Submission of Matters to a Vote of Security Holders:	None
Item 5.	Other Information:	None
Item 6.	Exhibits and Reports on Form 8-K:	

a. Exhibits

b. Reports on Form 8-K

On March 8, 2005, the Company filed an 8K with the SEC based on a change in accountant.

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.

COMPREHENSIVE HEALTHCARE SOLUTIONS, INC.

By: *<u>/s/ John H. Treglia</u>*
JOHN H. TREGLIA
Chief Executive Officer and
Chief Financial Officer

Dated: July 14, 2005