

COMPREHENSIVE HEALTHCARE SOLUTIONS INC
Form 10-Q/A
February 28, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1 TO FORM 10-Q

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

For the quarterly period ended November 30, 2004

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
(State or other jurisdiction of
incorporation or organization)

58-0962699
(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 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 January 14, 2005, we had 13,435,470 shares of common stock outstanding, \$0.10 par value.

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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-Q. 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 February 28, 2004. 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 November 30, 2004 are not necessarily indicative of results that may be expected for the year ending February 28, 2005. The financial statements are presented on the accrual basis.

The Company is filing this amended 10Q due to the fact that the financial statements for this period were not reviewed by an accountant who was registered with the Public Company Accounting Oversight Board ("PCAOB"). The accountant has applied for registration with PCAOB and has not received approval or denial with regard to its application. In the interim, the Company has engaged an accountant registered with the PCAOB in the event that the current accountant is not registered in a timely manner. The Company intends to file an amended 10Q with the reviewed financial statements as soon as possible.

Comprehensive Healthcare Solutions, Inc.

FORM 10-Q

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SIGNATURES..... 14

Comprehensive Healthca

(F/K/A Nantucket

Consolidated Balance S

November 30,
2004

Not reviewed

Assets

Cash and cash equivalents	\$ 68,462
Accounts receivable	144,906
Inventories	4,045
Prepaid expenses	224,077
Stock subscription receivable	35,000
Other current assets	--

Total current assets 476,490

Property, plant and equipment, net	63,455
Other assets, net	
Goodwill	176,975
Covenant not to compete	300,000
Customer list	340,002
Prepaid expenses	259,532

\$ 1,616,454

Liabilities and Stockholders' Equity

Accounts payable	\$ 155,905
Loans payable, current portion	3,073
Obligation under capital lease, current portion	2,598
Pre-petition taxes	3,964

Total current liabilities 165,540

Line of credit	30,000
Loan payable, net of current portion	6,927
Obligation under capital lease, net of current portion	1,340
Pre-petition taxes, net of current portion	19,821

Total liabilities 223,628

Stockholders' equity

Common stock, \$.10 par value; authorized 20,000,000 shares; issued 13,233,959	1,323,396
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Additional paid-in capital	14,363,215
Common stock subscribed	35,000
Accumulated deficit	(14,328,785)

Total stockholders' equity	1,392,826

	\$ 1,616,454
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(1) Derived from audited financial statements

See accompanying notes to

Comprehensive Healthcare Solutions Inc.
and Subsidiaries
(F/K/A Nantucket Industries, Inc.)

Consolidated Statements of Operations (Unaudited)

Quarters ended November 30,	2004	2003
	Not reviewed	Not reviewed

Net sales	\$ 135,510	\$ 103,086
Cost of sales	100,824	97,946

Gross profit	34,686	5,140
Selling, general and administrative expenses	310,573	57,745

Loss from operations	(275,887)	(52,605)
Other expense:		
Interest expense	207	4,071
Depreciation and amortization	11,720	22,415

Total other expense	11,927	26,486

Loss before income taxes	(287,814)	(79,091)
Income taxes	--	--

Net loss	(287,814)	(79,091)
Net loss per share - basic and diluted	(.02)	(.01)

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Weighted average common shares outstanding 12,855,167 10,162,114

See accompanying notes to financial statements.

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Comprehensive Healthcare Solutions
and Subsidiaries
(F/K/A Nantucket Industries)

Consolidated Statements of Cash Flows (Unaudited)

Quarters ended November 30, 2004
Not reviewed

Cash flows from operating activities:	
Net loss	\$ (287,814)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	11,720
Decrease (increase) in assets:	
Accounts receivable	980
Inventories	770
Prepaid expenses	(102,247)
(Decrease) increase in liabilities:	
Accounts payable	33,701

Net cash used by operating activities	(342,890)

Cash flows from investing activities:	
Additions to property, plant and equipment	(1,621)

Cash flows from financing activities:	
Issue of stock for operations	212,500
Proceeds from debenture	--
Payment on capital leases	(633)

Net cash provided by financing activities	211,867

Net decrease in cash and cash equivalents	(132,644)
Cash and cash equivalents, beginning of period	201,106

Cash and cash equivalents, end of period	\$ 68,462
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Supplemental Disclosure of Cash Flow Information:	
Cash paid during the period for:	
Interest	\$ 207
Income taxes	\$ --

See accompanying notes to financial

Nantucket Industries, Inc.
and Subsidiaries

Notes to Consolidated Financial Statements

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1. Summary of Significant Accounting Policies

a. The Company

Nantucket Industries, Inc. and its wholly owned subsidiaries (the "Company") were inactive from October 1999 until January 26, 2002. At that date a reverse merger with Accutone Inc. and Subsidiary occurred. (See note 1) Accutone Inc. is engaged in the business of selling and distributing hearing aids and providing the related audio logical services.

b. Principles of Consolidation

The consolidated financial statements include the accounts of Nantucket Industries, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

As a result of the above described acquisition, Nantucket Industries, Inc. (together with Accutone's wholly-owned subsidiary) has no business or assets other than those which it acquired through its acquisition of Accutone.

c. Accounts Receivable

An allowance for doubtful accounts is provided based upon historical bad debt experience and periodic evaluations of the aging of the accounts. No allowance was considered necessary since to date there has been no bad debt expense.

d. Property, Plant and Equipment

Property and equipment are stated at cost. Depreciation is computed for financial statement purposes, using the straight-line method over the estimated useful life. For income tax purposes, depreciation is computed using statutory rates.

e. Inventories

Inventories are stated at the lower of costs (first-in, first-out method) or market.

f. Intangible Assets

Intangible assets include customer lists, which are stated at cost. Amortization is computed for financial statement and tax purposes using the straight-line method over 15 years.

g. Income Taxes

The Company and its wholly owned subsidiaries file a consolidated federal

income tax return. Deferred income taxes arise as a result of differences between financial statement and income tax reporting

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Nantucket Industries, Inc.
and Subsidiaries

Notes to Consolidated Financial Statements

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h. Earnings (Loss) Per Common Share

In fiscal year 1998, the Company adopted Statement of Financial Accounting Standards No. 128 (SFAS No. 128), Earnings Per Share, which requires public companies to present earnings per share and, if applicable, diluted earnings per share. All comparative periods must be restated as of February 28, 1998 in accordance with SFAS No. 128. Basic earnings per share are based on the weighted average number of common shares outstanding without consideration of potential common share equivalents. Diluted earnings per share are based on the weighted average number of common and potential common shares outstanding. The calculation takes into account the shares that may be issued upon exercise of stock options, if any, reduced by the shares that may be repurchased with the funds received from the exercise, based on the average price during the year.

i. Reporting Comprehensive Income

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 130 (SFAS No. 130), Reporting Comprehensive Income, which is effective for the Company's year ending February 27, 1999. SFAS No. 130 addresses the reporting and displaying of comprehensive income and its components. Earnings (loss) per share will only be reported for net earnings (loss), and not for comprehensive income. Adoption of SFAS No. 130 relates to disclosure within the financial statements and is not expected to have a material effect on the Company's financial statements.

j. Segment Information

In June 1997, the FASB also issued Statement of Financial Accounting Standards No. 131 (SFAS No. 131), Disclosure About Segments of an Enterprise and Related Information, which is effective for the Company's year ending February 27, 1999. SFAS No. 131 changes the way public companies report information about segments of their business in their financial statements and requires them to report selected segment information in their quarterly reports. Adoption of SFAS No. 131 relates to disclosure within the financial statements and is not expected to have a material effect on the Company's financial statements.

k. Fiscal Year The Company's fiscal year ends February 28.

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Notes to Consolidated Financial Statements

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l. Reclassification

Certain prior year amounts have been reclassified in order to conform to the current year's presentation.

m. Use of Estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

n. Impairment of Long-Lived Assets

The Company applies Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of. Accordingly, when indicators of impairment are present, the Company periodically evaluates the carrying value of property, plant and equipment and intangibles in relation to the operating performance and future undiscounted cash flows of the underlying business. The Company adjusts carrying amount of the respective assets if the expected future undiscounted cash flows are less than their book values. No impairment loss was required in fiscal year 2004.

o. Fair Value of Financial Instruments

Based on borrowing rates currently available to the Company for debt with similar terms and maturities, the fair value of the company's long-term debt approximate the carrying value. The carrying value of all other financial instruments potentially subject to valuation risk, principally cash, accounts receivable and accounts payable, also approximate fair value.

p. Goodwill and Other Intangible Assets

The Company applies Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). Accordingly, the Company ceased amortization of certain intangible assets i.e. the covenant not to compete, effective at the beginning of its February 28, 2003 fiscal year. An intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS 142. A impairment loss would be recorded for any intangible that is determined to be impaired. No impairment loss was required in fiscal year 2004.

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q. Advertising Costs

Costs for newspaper and other media advertising are expensed as incurred and were \$18,147, \$1,686 and \$0 in 2003, 2002 and 2001, respectively.

r. Sales return policy

The Company provides to all patients purchasing hearing aids a specific return period, a minimum of 45 days, if the patient is dissatisfied with the product. The Company does not provide an allowance in accrued expenses for returns since actual returns for this fiscal year were less than 2%. The return period can be extended an additional 15 days at the discretion of the dispensing audiologist. All the manufacturers that supply the Company accept all returns back for full credit within these return periods.

2. Concentration of Risk

Currently approximately 70% of the reorganized Company's business is based on contracts with The New York State Medical Assistance Program (Medicaid) and Empire Medicare Service (Medicare).

3. Acquisition of Audiology Practice

On February 28, 2002 the Company executed a contract with Park Avenue Medical Practice Associates, P.C. and Park Avenue Health Care Management, Inc. The Park Avenue Group directly employs medical professional personnel, including physicians in both general and specialty practices and other health care professionals such as podiatrists, audiologists, psychologists and psychotherapists.

Nursing homes and long term care facilities contract with Park Avenue for the services of Park Avenue's medical professionals, on a pre-determined schedule or on an as-needed basis. Pursuant to the terms of the agreement Park Avenue contributed its entire audiology practice to the Company. The contract also calls for Brad I. Markowitz, the president of Park Avenue Management to join the Company's Board of Directors. Mr. Markowitz is a banker by trade and has been with Park Avenue since 1995. At that time Park Avenue was servicing approximately seven nursing homes. Under his tutelage Park Avenue has grown to service over seventy long term care facilities. In addition, Mr. Markowitz serves on the Board of Trustees of several private companies.

The Company issued 1,200,000 shares of restricted common stock to acquire the audiology practice of Park Avenue Medical Associates P.C. Under the agreement the Company gained access to approximately 70 nursing homes to provide complete audiology services. As of February 28, 2004 the Company has entered into contracts with approximately 38 of these nursing homes. In addition, Park Avenue will continue to provide additional access to any new nursing homes they have contact with.

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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 is filing this amended 10Q due to the fact that the financial statements for this period were not reviewed by an accountant who was registered with the Public Company Accounting Oversight Board ("PCAOB"). The accountant has applied for registration with PCAOB and has not received approval or denial with regard to its application. In the interim, the Company has engaged an accountant registered with the PCAOB in the event that the current accountant is not registered in a timely manner. The Company intends to file an amended 10Q with the reviewed financial statements as soon as possible.

Overview

As a result of the acquisition of Comprehensive Network Solutions, Inc., headquartered in Austin, Texas on March 1, 2004 we changed the focus of our business plan. We are now focused on specialty health benefits products, including, but not limited to three levels of provider networks and one limited indemnity medical insurance plan. Comprehensive Network Solutions' products have been trademarked as ChiroCare Select, ChiroCare Advantage, ChiroCare Optima and CNS 500 Plan. We have been and will continue to work on expanding our product line with additional benefits and alternative benefit funding options. As a result of the shift in focus of our business we changed our name to Comprehensive Healthcare Solutions, Inc. to better reflect the marketing of our line of medical care discount cards. 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 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 the groups set forth above whose medical care costs are covered through existing traditional defined benefit health plans and who have experienced large percentage increases in premiums as well as shrinking coverage and higher deductibles.

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 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

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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.

On January 3, 2005 the CMHS/ Alliance HealthCard, Inc, joint venture signed an agreement with Financial Independence Company (FIC), a wholly owned subsidiary of National Financial Partners (NFP). Under this agreement, FIC will focus its marketing and sales efforts for our instant prescription discount card and the dental and vision discount card to the Cendant Corporation companies. FIC will also market similar healthcare discount savings cards to their other clients and prospects. Initial marketing through this agreement is scheduled to begin mid January 2005.

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In addition, the joint venture with Alliance Healthcard, we entered into a joint marketing agreement on November 22, 2004 with Tesco Benefits, LLC to strengthen our sales operations. Tesco is the 10th largest U.S. benefit specialist company according to the 2004 listing of Business Insurance and specializes as an employee benefit broker and consultant. Joint marketing efforts are expected to begin during February 2005.

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.

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 portion 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 and Medicare payments, which constitute approximately 40% of our reimbursement will continue to take 90 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 our concentration on acquiring new businesses in related and unrelated medical fields. We believe that these revenues should increase in future periods by the utilization of a portion of our recent increases in working capital. This new capital will allow us to make improvements in the revenues streams and profitability of our audiology practices. Management has signed a contract to with an early intervention provider to open an additional audiological facility and has taken delivery of the audiology equipment required to operate the facility. It was anticipated that the facility would commence operations in November of 2004, however, actual operations commenced in late December 2004. The services provided by this facility will concentrate its efforts on early intervention child care in the field of audiology and believes that the

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reimbursement rates and lower costs at this location will add to both revenues and profitability. Although we believe that this expansion in audiological services will increase revenues and profitability, we can not be certain that the result of these efforts will succeed or that we will have sufficient operating capital to continue to this expansion of our services.

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.

THREE MONTHS ENDED NOVEMBER 30, 2004 COMPARED TO THREE MONTHS ENDED NOVEMBER 30, 2003

Sales for the third quarter of fiscal year ended 2004 and 2003 were \$135,510 and \$103,086, respectively. Although not material to our overall profit or loss, management attributes the revenue increase to higher pricing of private sales and hearing aids and related products.

Revenues from the audiological segment of the business have not significantly. This can be attributed to management being actively involved in pursuing potential mergers and/or acquisition candidates in related and unrelated fields, which have diminished marketing efforts by the company to attempt to increase the number of facilities being serviced and therefore adding to our revenue base.

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Cost of sales were \$100,824 and \$97,946, 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 costs were \$310,573 and \$57,745, respectively. The difference is attributable to the costs related to the expansion of marketing and sales operations as well as additional costs directly attributable to the operations of Comprehensive Network Solutions, Inc. These costs include consulting fees administration fees and additional costs of business related to the medical care discount card product.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities were \$(342,890) and \$(205,810), respectively. Cash flows from financing activities were \$211,867 and \$175,000, respectively. These changes were due primarily to the issuance of restricted common stock of \$212,500. These proceeds were primarily used to begin marketing "The Solution Card" the medical care discount family cards of the company as well as our subsidiary, Comprehensive Network Solutions, Inc., including supplying working capital to our Austin Texas subsidiary.

Working capital totaled \$310,950 and \$153,175, respectively for the quarter ended November 30, 2004 and November 30, 2003, respectively. The increase in working capital was primarily attributable to an increase in cash of \$34,174, an increase in prepaid expenses of \$151,010; and an increase in stock subscription receivables of \$35,000. For the most part, management believes that these increase were due to its ability to raise additional capital based upon interest generated by the acquisition of Comprehensive Network Solutions, Inc. and the

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development of the "Solution Card", the Company's newly developed and expanded medical care discount card.

Outlook

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. based in Austin, Texas from the Comprehensive shareholders in consideration for the issuance of a total of 250,000 restricted shares of our common stock to the Comprehensive shareholders. Pursuant to the Agreement, Comprehensive became our wholly owned subsidiary. Additional consideration of \$60,000 was also paid to Comprehensive to be used as working capital and we assumed a liability of \$25,000 for marketing services performed by an individual. Such liability was satisfied through the issuance of 25,000 shares of our restricted common stock to such individual. All shares issued in this transaction have a holding period of two years.

As a result of the acquisition of Comprehensive Network Solutions, Inc., headquartered in Austin, Texas we changed the focus of our business plan. We are now focused on specialty health benefits products, including, but not limited to three levels of provider networks and one limited indemnity medical insurance plan. Comprehensive Healthcare Solutions' products have been trademarked as ChiroCare Select, ChiroCare Advantage, ChiroCare Optima and CNS 500 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 changed our name to Comprehensive Healthcare Solutions, Inc. to better reflect our marketing of our Line of medical care discount cards. 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 also are 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.

Although we do 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. Our 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.

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As a result of our marketing efforts during this period, we recognized 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, we recognized the need for structured and defined access agreements with quality healthcare professionals through national preferred provider organizations.

We believe the core of those needs has been met with the finalization of a joint venture agreement with Alliance HealthCard, Inc. and a joint marketing agreement with Tesco Benefits, LLC. Alliance HealthCard, Inc. creates, markets and distributes membership discount savings programs to predominantly underserved markets, where individuals have either limited or no health benefits. Joint marketing and sales efforts commenced in late December 2004. Tesco is the 10th largest U.S. benefit specialist company according to the 2004 listing of Business Insurance and specializes as an employee benefit broker and consultant.

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Joint marketing efforts are expected to begin during February 2005.

On January 3, 2005 the CMHS/ Alliance HealthCard, Inc, joint venture signed an agreement with Financial Independence Company (FIC), a wholly owned subsidiary of National Financial Partners (NFP). Under this agreement, FIC will focus its marketing and sales efforts for our instant prescription discount card and the dental and vision discount card to the Cendant Corporation companies. FIC additionally agrees to market similar healthcare discount savings cards to their other clients and prospects. Initial marketing through this agreement is scheduled to begin mid January 2005.

Membership Service Programs

The Company is and will continue to 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. Below are examples of the range of discounts in the major service categories:

Service	Discount Off Usual and Customary
Dental Care	10-45%
Vision Care	
Prescription eyeglasses	10-60%
Contact Lenses	10-60%
Sunglasses	20-50%
Lasik (vision correction)	10-30%
Hearing Aids	15-40%
Prescription Drugs	10-50%
Chiropractic Care	25%
Orthodontics	23-35%
Physical Therapy	15-20%
Fitness Centers	
	Preferred Rate
Acupuncture	25%
Physicians	20%-40%
Hospitals	20%-50%

The Company anticipates that it will be adding additional medical services and ancillary products in the course of the upcoming year.

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Our goal is to implement our business model initially in the North East and then expand nationwide. In order to implement these goals, we are interviewing potential qualified candidates to fill various positions of sales, marketing and administration. In addition, in order to implement our business model we have entered into the joint venture agreement with Alliance Healthcard, Inc. and a joint marketing agreement with Tesco Benefits, LLC. We have already met with and presented our various discount health care products and services to one Fortune 500 Company as well as various unions, fraternal organizations and large employer groups. We estimate that in order to achieve our goals, we will require financing from sources other than cash flow, within the next twelve months, in an amount ranging from \$750,000 to \$1,000,000. Since the acquisition of

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Comprehensive, we have been successful in raising approximately \$450,000 through private equity offerings. Although we have previously been moderately successful in raising capital, we believe that the current financial market upturn as well as the benefits of the acquisition of Comprehensive Network Solutions, Inc. and the joint venture with Alliance Healthcard and the joint marketing with Thesco will assist us in potentially raising additional capital. Management believes that the acquisition of Comprehensive and the aggressive marketing of our line of medical care discount cards will add significant revenues and profitably during the upcoming year to the consolidated Comprehensive family of businesses. There are no assurances that we will be able to raise the funds necessary to expand our business operations or that these business operations will be profitable.

We changed our name to Comprehensive HealthCare Solutions, Inc. in order to better reflect the direction that the Company was taking in expanding our marketing efforts in various segments of the healthcare industry. In addition, the Company signed a consulting and employment agreement with Mr. Paul S. Rothman to become the President of the Company. John Treglia remained in his other current positions with the Company. Mr. Rothman has been assisting the Company in the acquisition of Comprehensive Network Solutions, Inc. and the development and implementation of its new marketing concepts since May 2004.

We believe the joint venture agreement with Alliance Healthcard and the joint marketing agreement with Thesco will add to our revenues and potential profitability. These agreements allow us to develop product pricing unique to the healthcare discount savings market. While we believe that these agreements are positive steps they cannot guarantee that the results of these efforts will succeed.

In order for us to be successful with our business plan, we will require financing in a minimum amount of \$500,000 during the next six months. We intend to use our best efforts to raise between \$750,000 and \$1,000,000 in equity or convertible debt financing from a private placement of our securities within the next three to six months. 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.

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.

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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

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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.

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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

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: /s/ John H. Treglia

JOHN H. TREGLIA
Chief Executive Officer and
Chief Financial Officer

Dated: February 28, 2005

