COMPREHENSIVE HEALTHCARE SOLUTIONS INC
Form 10QSB/A
April 04, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO.3 TO
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 November 30, 2003

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)

Not applicable
(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 January 14, 2004, we had 10,409,366 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-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, 2003. 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, 2003 are not necessarily indicative of results that may be expected for the year ending February 28, 2004. The financial statements are presented on the accrual basis.

The Company is filing this amended 10QSB due to the fact that the financial statements for this period were not audited by an accountant who was registered with the Public Company Accounting Oversight Board ("PCAOB"). The Company engaged an accountant registered with the PCAOB in order to file this amended 10QSB with the reviewed financial statements in a timely manner.

FINANCIAL STATEMENTS AND EXHIBITS.

FINANCIAL STATEMENTS

For the information required by this Item, refer to the Index to Financial Statements appearing on page F-1 of the registration statement.

COMPREHENSIVE HEALTHCARE SOLUTIONS, INC.
(F/k/a NANTUCKET INDUSTRIES, INC. AND SUBSIDIARIES)

AMENDED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

November 30, 2003

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

November 30, 2003

	(Unaudited)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 34,288
Accounts receivable, net	136,439
Other current assets	6,300
Total current assets	177,027
Property and equipment, net	66,331
Other assets, net	
Intangible assets	565,570
Total Assets	$ 808,928
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 77,800
Accrued liabilities	48,964
Total Current Liabilities	126,764
Convertible debenture	150,000
Revolving line of credit	30,000
Other liabilities	19,821
Total Liabilities	326,585
Stockholders' equity:	
Common stock, $.10 par value: 20,000,000 shares, 10,409,366 shares issued	1,040,937
Additional paid-in capital	13,269,425
Deferred stock-based consulting	(73,067)
Accumulated deficit	(13,754,952)
Total stockholders' equity	482,343
Total Liabilities and Stockholders' Equity	$ 808,928

See the accompanying notes to the financial statements

Comprehensive Healthcare Solutions, Inc.
(f/k/a Nantucket Industries, Inc. and Subsidiaries)
Amended Condensed Consolidated Statements of Operations
For the Three and Nine Months Ended November 30, 2003 and 2002

	Three Months	Three Months	Nine Mo

	Ended November 30, 2003	Ended November 30, 2002	Ende November 3
	(Unaudited)	(Unaudited)	(Unaud
Net sales	$ 103,086	$ 94,321	
Cost of sales	97,946	76,067	
Gross profit	5,140	18,254	
Selling, general and administrative expenses	80,245	73,036	
Loss from operations	(75,105)	(54,782)	
Other expense:			
Interest expense	4,071	1,650	
Depreciation and amortization	22,415	27,788	
Total other expense	26,486	29,438	
Loss before income taxes	(101,591)	(84,220)	
Income taxes	-	-	
Net loss	$ (101,591)	$ (84,220)	$
Loss per share - basic and diluted	(0.01)	(0.01)	
Weighted average shares outstanding - basic and diluted	10,162,114	8,298,985	1

See the accompanying notes to the financial statements

Comprehensive Healthcare Solutions, Inc.
(f/k/a Nantucket Industries, Inc. and Subsidiaries)
Amended Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended November 30, 2003 and 2002

	Nine Months Ended November 30, 2003	Nine Month Ended November 30,
	(Unaudited)	(Unaudited
Cash Flows from Operating Activities:		
Net loss	$ (163,547)	$ (19

Adjustments to reconcile net loss to net cash used in operating activities:		
Stock issued for services	59,656	8
Depreciation and amortization	28,203	8
Decrease (increase) in assets and liabilities:		
Accounts receivable	(26,615)	
Inventories	(1,980)	
Other current assets	6,045	
Notes receivable	-	
Accounts payable and other current assets	34	
Net cash used by operating activities	(98,204)	(1
Cash Flows from Investing Activities:		
Advances on note receivable	-	(7
Purchases if equipment	(8,058)	
Net cash used by investing activities	(8,058)	(7
Cash Flows from Financing Activities		
Proceeds from line of credit	-	3
Proceeds from debenture	150,000	5
Repayment on loan	(10,000)	
Net cash provided by financing activities	140,000	8
Net increase (decrease) in cash and cash equivalents	33,738	(
Cash and cash equivalents, beginning of the period	550	
Cash and cash equivalents, end of the period	$ 34,288	$
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 4,071	$
Income taxes	$ -	

See the accompanying notes to the financial statements

Comprehensive Healthcare Solutions, Inc. and Subsidiaries
(f/k/a Nantucket Industries, Inc. and Subsidiaries)
Notes to Condensed Consolidated Financial Statements
November 30, 2003

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 audio logical 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 November 30, 2003 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, 2003.

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.

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

The Company is filing this amended 10QSB due to the fact that the financial statements for this period were not audited by an accountant who was registered with the Public Company Accounting Oversight Board ("PCAOB"). The Company engaged an accountant registered with the PCAOB in order to file this amended 10QSB with the reviewed financial statements in a timely manner.

Overview

Net sales 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 sales represent reimbursement from Medicare, Medicaid and third party payors. Generally, reimbursement from these parties can take as long as 120 to 180 days. We have recently implemented the billing of Medicare on-line which should cut reimbursement time to approximately 60 days. Medicaid reimbursements can only be billed with various submissions which are mailed on a weekly basis. While we are attempting 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.

The anticipated growth in revenues resulting from the prior acquisition of the audiology practice of Park Avenue has not yet come to fruition. This was caused in part by our inability to attract additional audiologists on a timely basis as well as insufficient working capital. We believe that this will not be long lived since we are developing new compensation packages that will include incentives of cash and common stock. Management believes that the new capital markets are improving which will allow the Company sufficient new working capital to achieve these goals. We continue to not be able to meet our original anticipated growth in revenues. This has been caused in part by our continuing inability to attract additional audiologists. We are currently networking with Paxxon Healthcare Services, Inc. which expends funds on a continuing basis to advertise for and recruit speech pathologists. Paxxon will be adding audiologists in their help wanted advertising copy to assist us in our hiring endeavors. To date we have started to receive audiologists resumes and are in the process of setting up interviews. We feel that this assistance along with a more sophisticated compensation packages including both cash and common stock, as well as our anticipated success in raising additional working capital will assist us in achieving our goals. We have identified and are actively pursuing various early intervention agencies, which if we are successful in signing contracts with, will add to our revenue stream. Since our last reporting period we have begun to negotiate contracts with five new agencies and have added one agency and anticipate adding two others in the next three months.

In order for us to implement our business plan, we will require financing in a minimum amount of $500,000 to $750,000 during the next twelve months. As of November 30, 2003, we raised $150,000 in convertible debt financing and as of January 14, 2004 we have received a subscription agreement from an accredited investor for an additional $50,000.00 convertible debenture. We anticipate that we will receive this additional financing within a period of 30 days. We intend to continue to use our best efforts to generate between an additional $600,000 to $1,000,000 in equity or convertible debt financing from a private placement of our securities within six to eighteen months. To date we have received limited financing which we believe is in part attributable to the market conditions in 2003. At this time, we are unable to state what the amount of shareholder dilution which will result from the intended financing.

If we are unable to raise the required funds through a private placement, we will endeavor to raise the required financing from other sources such as lease financing for major equipment purchases and loans from banks or institutional lenders. We cannot be certain that we will be able to raise the required financing from any of the foregoing sources.

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THREE MONTHS ENDED NOVEMBER 30, 2003 COMPARED TO THREE MONTHS ENDED NOVEMBER 30, 2002

Sales for the third quarter of fiscal year ended 2003 and 2002 were $103,086 and $94,321 respectively. Management attributes the revenue increase to be due for the most part to an additional customer base of existing offices. This conservative increase is a result of managements continued conservation of operating capital until such time as additional revenues and costs related a additional revenues could be fiscally sound. In addition, management has been actively involved in pursuing potential merger and/or acquisition candidates in related fields, which diminished marketing efforts by the company to attempt to increase the number of facilities being serviced and therefore adding to our revenue base.

Cost of sales was $97,946 and $76,067, respectively. The increase was due to the fact that revenues also increased in approximately the same proportions and management attempts to contain costs.

General and Administrative costs were $80,245 and $73,036, respectively. This minimal increase is attributable for the most part to attempts at keeping these costs in line with revenues but also include additional costs involved with the due diligence required for potential acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities were ($98,204) and ($18,876) respectively. Cash flows from investing activities were($8,058) and ($70,090) respectively. Cash flows from financing activities were $140,000 and $86,900 respectively. These changes were primarily due to the Company's issuance of common stock and convertible debentures which were used to finance the Company's operations and the acquisition of equipment.

Outlook

We intend to continue to devote ongoing efforts to increase our professional staff so as to enable us to increase the number of additional nursing homes and assisted living facilities we service. During the next twelve to eighteen months we intend to add a new advertising program to increase the number of resale sales which carry higher sales prices and related gross profit percentages.

We are currently exploring several potential acquisitions. All of these businesses are in medically related fields which we believe can add favorably to our revenue base and overall profitability. Along with this we are aggressively seeking additional sources of new capital to allow us to expand our operations. We are in ongoing negotiations to enter into a business combination with Paxxon Healthcare Services, Inc. and believe that we will enter into a joint ventures agreement with Paxxon by the end of February. To date no agreement has been reached but we believe that this represents a tremendous opportunity for our company to expand since speech pathology and early intervention are only some of the services provided by Paxxon. Based upon the negotiations with Paxxon to enter into a joint venture we currently have targeted three-four potential acquisitions in the medical field. We believe that with the assistance of Paxxon in the management and administration of these business we will be able to generate a significant revenue stream from these potential transactions.

1. Staffing for homecare companies with approximately fifty contracts currently in force;
2. Early intervention contracts with New York State, Westchester, Putnam and Orange Counties;
3. Facility Staffing in several nursing homes and hospitals;
4. Management contracts with nursing homes in Brooklyn and Queens; and
5. Physical therapy centers with a representation in a total of 21 offices in the Bronx, Southern New Jersey, Long Island and Queens.

In furtherance of our efforts to expand our services and increase our revenue stream we are in the process of finalizing a leasing arrangement to take space in the Bronx office of Excellence Healthcare, a wholly owned subsidiary of Paxxon. We intend to commence use of such space between March 1, 2004 and March 31, 2004 depending upon the arrival of equipment for this office space which has been ordered and is expected to arrive at such time. This office will be a fully equipped audiology office providing early intervention and all other audiological services including the sales and distributions of hearing aids. The existing patient base at this office will provide an ongoing exposure to the types of patients we currently service.

We intend to continue to strive to develop a sales and marketing force to assist in the addition of those senior care facilities, hospitals, day care and senior care centers who can add to our referral base of patient and customers. To date we have been unable fully develop our sales and marketing force due to our lack of capital.

In addition, to the potential acquisitions due to the joint venture with Paxxon, we have two other potential acquisitions in the medical field. We are currently in negotiations with two entities, one based in Texas and one in New York, that provide health care management services for medical management and alternative medicine including chiropractic, physical therapy and acupuncture. We believe that we will enter into a letter of intent for the acquisition of at least one of these companies by the middle of February 2004.

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	None

a. Exhibits

31.1 Certification John H. Treglia, CEO

32.1 Certification John H. Treglia, CEO

b. Reports on Form 8-K None.

No reports on Form 8-K were filed for this quarter of 2003.

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
CEO, CFO and President

Dated: April 1, 2005