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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2 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 August 31, 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	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)

NANTUCKET INDUSTRIES, INC.
(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 October 20, 2004, we had 13,095,470 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-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 six months ended August 31, 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 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.

2

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

AMENDED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2004

TABLE OF CONTENTS

F-3

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

	August 31, 2004 (Unaudited)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 201,106
Accounts receivable, net	123,386
Other current assets	4,815
Total current assets	329,307
Property and equipment, net	66,888
Other assets, net	
Goodwill	176,975
Intangible assets	646,668
Total Assets	$ 1,219,838
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 122,204
Accrued liabilities	9,608
Total Current Liabilities	131,812
Revolving line of credit	30,000
Other liabilities	28,748
Total Liabilities	190,560
Stockholders' equity:	
Common stock, $.10 par value: 20,000,000 shares, 12,808,959 shares issued	1,280,896
Additional paid-in capital	14,193,215
Deferred stock-based consulting	(100,000)
Accumulated deficit	(14,344,833)
Total stockholders' equity	1,029,278
Total Liabilities and Stockholders' Equity	$ 1,219,838

See the accompanying notes to the financial statements

Comprehensive Healthcare Solutins, Inc. and Subsidiaries
(f/k/a Nantucket Industries, Inc. and Subsidiaries)
Amended Condensed Consolidated Statements of Operations
For the Three and Six Months Ended August 31, 2004 and 2003

	Three Months Ended August 31, 2004	Three Months Ended August 31, 2003	S Augu
	(Unaudited)	(Unaudited)	(
Net sales	$ 101,468	$ 102,704	
Cost of sales	94,934	75,307	
Gross profit	6,534	27,397	
Selling, general and administrative expenses	255,497	61,117	
Loss from operations	(248,963)	(33,720)	
Other expense:			
Interest expense	833	705	
Depreciation and amortization	12,702	12,147	
Total other expense	13,535	12,852	
Loss before income taxes	(262,498)	(46,572)	
Income taxes	-	-	
Net loss	$ (262,498)	$ (46,572)	
Loss per share - basic and diluted	(0.02)	(0.00)	
Weighted average shares outstanding - basic and diluted	12,684,611	9,888,434	

See the accompanying notes to the financial statements

F-3

Comprehensive Healthcare Solutions, Inc. and Subsidiaries
(f/k/a Nantucket Industries, Inc. and Subsidiaries)
Amended Condensed Consolidated Statements of Cash Flows
For theThree and Six Months Ended August 31, 2004 and 2003

	Six Months Ended August 31, 2004	Six Months Ended August 31, 2003
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities:		

Net loss	$ (456,754)	$ (84,456)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for bad debt	-	-
Depreciation and amortization	18,563	19,118
Decrease (increase) in assets:		
Accounts receivable	2,068	(2,356)
Inventories	-	-
Prepaid expenses	4,055	(190,105)
Accounts payable	15,007	(13,266)
Net cash used by operating activities	(402,054)	(271,065)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(11,722)	(11,388)
Purchase of intangible assets	(263,643)	-
Net cash used by investing activities	(275,365)	(11,388)
Cash Flows from Financing Activities		
Common stock issued	694,503	247,001
Proceeds from debenture	-	100,000
Repayment of loan	(5,000)	-
Payments on capital lease	(834)	-
Net cash provided by financing activities	688,669	347,001
Net increase (decrease) in cash and cash equivalents	11,250	64,548
Cash and cash equivalents, beginning of the period	189,856	550
Cash and cash equivalents, end of the period	$ 201,106	$ 65,098
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 833	$ 833
Income taxes	$ -	$ -

See the accompanying notes to the financial statements

F-4

Comprehensive Healthcare Solutions, Inc. and Subsidiaries
(F/k/a Nantucket Industries, Inc. and Subsidiaries)
Notes to Condensed Consolidated Financial Statements
August 31, 2004

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 August 31, 2004 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, 2004.

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.

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 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

As a result of the acquisition of Comprehensive Network Solutions, Inc., headquartered in Austin, Texas we have the 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 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.

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 these revenues will 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 and it is anticipated the facility will commence operations on November 1, 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 reimbursement rates and lower costs at this location will add to both revenues and profitability. Although Management believes that this expansion in audiological services will increase revenues and profitability, Management can not be certain that the result of these efforts will succeed.

Management's expectations are that the acquisition of Comprehensive Network Solutions and the accelerated marketing of the medical health care discount cards will add to both 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 the additional working capital realized in the last six months. (See Outlook)

On June 28, 2004, the Company announced the signing of an agreement to provide health care savings benefits to the employees of National Home Healthcare, Corp. based in Scarsdale, NY. Such agreement was subsequently rescinded by the parties.

THREE MONTHS ENDED AUGUST 31, 2004 COMPARED TO THREE MONTHS ENDED AUGUST 31, 2003

Sales for the third quarter of fiscal year ended 2004 and 2003 were $101,468 and $102,704, respectively. Management attributes the revenue decrease due to the summer season which usually creates a lag in revenues as well as the focus on our new business operations Revenues from the audiological segment of the business have not increased as anticipated by management. This can be attributed to management being actively involved in pursuing potential mergers and/or acquisition candidates in related 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.

Cost of sales were $94,934 and $75,307, respectively. The increase was due to the higher costs of retaining audiological personnel as well as an increase in product costs.

General and administrative costs were $255,497 and $61,117, respectively. The difference is attributable to the costs related to the expansion of marketing and sales operations from the acquisition of Comprehensive Network Solutions, Inc. which included consulting fees, administration fees, costs of business travel to the our subsidiary in Austin Texas as well as other related legal and accounting expenses.

LIQUIDITY AND CAPITAL RESOURCES
Cash flows from operating activities were ($402,054) and ($271,065), respectively. Cash flows from financing activities were $688,669 and $347,001, respectively. These changes were due primarily to the issuance of restricted common stock of $694,503.These proceeds were primarily used to begin marketing "The Solution Card" the medical care discount family cards of Comprehensive Network Solutions, Inc. as well as supplying working capital to our Austin Texas subsidiary.

Working capital totaled $197,495 for the quarter ended August 31, 2004.

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.

4

As a result of the acquisition of Comprehensive Network Solutions, Inc., headquartered in Austin, Texas we have the changed the focus of our business plan. We are now focused on specialty health benefits products, including, but not limited to threelevels 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 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 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.

Comprehensive Network Solutions, Inc. and its parent, Comprehensive Healthcare Solutions, Inc. specialize in creating, marketing and distributing value added healthcare savings programs, services, and products. Together the Company will give individuals, families, large employers, unions, fraternal and business organizations access to healthcare providers offering up to 16 major healthcare services at significantly discounted fees for a low annual charge. It is intended to market these products in the West, Midwest and Southern United States predominantly to underserved markets whereindividuals either have limited health benefits, or no insurance. These markets may vary widely from senior populations with Medicare (no prescription benefits), part-time employees, to some of the over 40 million uninsured in the United States looking for lower cost medical services and access to providers.

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 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.

5

Our goal is to implement the Comprehensive 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. To date, we have already met with and presented our various discount health care products and services. We estimate that in order to achieve these goals, we will require financing from sources other than cash flow, within the next eighteen months, in an amount ranging from $750,000 to $1,000,000. Since the acquisition, we have been successful in raising approximately $350,000 through private equity offerings. The Form 10-Q for the period ended May 31, 2004 reflected that we had raised $2,000,000 through private equity financing. This was an error and the number raised as of such time was $200,000. Although we have previously been unsuccessful in raising significant capital, our management believes that the current financial market upturn as well as the benefits of the acquisition of Comprehensive Network Solutions, Inc. will assist us in potentially raising additional capital. Management believes that the acquisition of Comprehensive and the aggressive marketing of "The Solution Card" will add significant revenues and profitably during the upcoming year to the consolidated Comprehensive family of businesses.

The Company changed its name to Comprehensive HealthCare Solutions, Inc. in order to better reflect the direction that the Company is taking in expanding its 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 will remain 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 of 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:

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
CEO, CFO and President

Dated: April 1, 2005