ENTRUST FINANCIAL SERVICES INC
Form 10QSB
November 09, 2006

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarter ended September 30, 2006

[ ] TRANSITION UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NO. 0-23965

ENTRUST FINANCIAL SERVICES, INC.

(Exact name of small business issuer in its charter)

COLORADO	84-1374481
(State of incorporation)	(I.R.S. Employer File Number)

47 School Avenue, Chatham, New Jersey 07928

(Address of principal executive offices)

(973) 635-4047

(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

State the number of shares outstanding of each of the issuer's common equity as of the last practicable date: There were a total of 2,057,582 shares of the issuer's common stock, par value $.0000001 per share, outstanding as of November 9, 2006.

Transitional Small Business Disclosure Format (check one): Yes [ ] No [X]

ENTRUST FINANCIAL SERVICES, INC.

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FORWARD-LOOKING STATEMENTS

Certain statements made in this Quarterly Report on Form 10-QSB are "forward-looking statements" regarding the plans and objectives of management for future operations and market trends and expectations. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving the continued expansion of our business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved. We undertake no obligation to revise or update publicly any forward-looking statements for any reason. The terms "we", "our", "us", or any derivative thereof, as used herein refer to Entrust Financial Services, Inc., a Colorado corporation, and its predecessors.

PART 1 - FINANCIAL INFORMATION

ITEM 1. Financial Statements:

ENTRUST FINANCIAL SERVICES, INC
(A Development Stage Company)
BALANCE SHEETS

ASSETS	SEPTEMBER 30, 2006 (UNAUDITED)	DECEMBER 31 2005
Cash	$ 6,949	$ 34,673
TOTAL ASSETS	$ 6,949	$ 34,673
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts Payable & accrued expenses	$ 2,339	$ 14,242
Total liabilities	2,339	14,242
SHAREHOLDERS' EQUITY		
Preferred stock; $0.000001 par value, 1,000,000 authorized, none issued	--	--
Common stock, $.0000001 par value; 100,000,000 shares authorized, 2,057,582 shares issued and outstanding	1	1
Additional paid-in capital	8,142,555	8,127,555
Accumulated deficit	(8,062,548)	(8,062,548)
Deficit accumulated during the development period	(75,398)	(44,577)
Total shareholders' equity	4,610	20,431
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 6,949	$ 34,673

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

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ENTRUST FINANCIAL SERVICES, INC
(A Development Stage Company)
STATEMENTS OF OPERATIONS
(unaudited)

	Cumulative During the Development Stage August 1, 2005 to September 30, 2006	Three Months Ended September 30, 2006	2005
REVENUES	$ --	$ --	$ --
Expenses			
Compensation expense	15,600	--	--
Professional fees	48,016	2,998	3,708
Filing fees	11,749	1,771	--
Other expenses	33	--	--
Total expenses	75,398	4,769	3,708
Net loss from continuing operations	(75,398)	(4,769)	(3,708
Loss from discontinued operations, net of taxes	--	--	358,063
Net (loss) income	$ (75,398)	$ (4,769)	$ 354,355
Basic and diluted loss per share from continuing operations		$ (0.00)	$ (0.00
Basic and diluted income per share from discontinued operations		0.00	0.36
Basic and diluted (loss) income per share		$ (0.00)	$ 0.36
Basic and diluted weighted average shares outstanding		2,057,582	980,707

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

ENTRUST FINANCIAL SERVICES, INC
(A Development Stage Company)
STATEMENTS OF CASH FLOWS
(unaudited)

Cumulative During

	the Development Stage August 1, 2005 to September 30, 2006	Nine Months Ended September 30, 2006	200
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) income	$ (75,398)	$ (30,821)	$ 3
Non-cash items:			
Common stock issued for services	22,000	--	
(Increase) decrease in:			
Accounts receivable	--	--	5
Mortgage loans held for sale	--	--	42,61
Prepaid expenses and other assets	--	--	1,63
Increase (decrease) in:			
Accounts payable and accrued expenses	2,339	(11,903)	(11
Accrued other expenses	--	--	(87
Net cash provided (used) by operating activities	(51,059)	(42,724)	43,34
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of property & equipment	--	--	40
Decrease in restricted cash	--	--	
Net cash provided by investing activities	--	--	41
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayments, warehouse lines of credit	--	--	(41,66
Repayment of long-term debt	--	--	(3,12
Proceeds from sale of stock	--	--	50
Payment of dividend	--	--	(40
Repayments, capital lease obligations	--	--	(13
Additional paid-in-capital contributions	15,000	15,000	
Net cash provided (used) by financing activities	15,000	15,000	(44,81
Decrease in cash	(36,059)	(27,724)	(1,06
Cash, at beginning of period	43,008	34,673	1,10
Cash, at end of period	$ 6,949	$ 6,949	$ 4
SUPPLEMENTAL INFORMATION			
Cash Paid for Income Taxes	$ --	$ --	$
Cash Paid for Interest	$ --	$ --	$ 1,09

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

ENTRUST FINANCIAL SERVICES, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
September 30, 2006
(unaudited)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Entrust Financial Services, Inc. (the "Company") was incorporated on November 8, 1996, under the laws of the State of Colorado as Centennial Banc Share Corporation. The Company changed its name to Entrust Financial Services, Inc. as of April 6, 2001. The Company was initially formed for the purpose of developing and maintaining a mortgage brokerage business. In April 1999 it acquired Entrust Mortgage, Inc., ("Entrust Mortgage") a mortgage banking business which became its wholly-owned operating subsidiary and was the Company's core operations until July 31, 2005. Entrust Mortgage engaged primarily in the origination and wholesale purchase of non-conforming residential mortgage loans in thirty-eight states.

On July 31, 2005, Entrust Mortgage was sold to BBSB, LLC ("BBSB") in exchange for the cancellation of all obligations owed by the Company and Entrust Mortgage to BBSB and the assumption of certain third-party obligations of the Company (the "Entrust Mortgage Sale"). Following the Entrust Mortgage Sale, the Company has had no operations.

Effective September 18, 2006, the Company completed a one-for twenty eight reverse split of its issued and outstanding shares of Common Stock. As a result, the number of issued and outstanding shares of Common Stock was reduced from 57,612,295 to 2,057,582 shares. Unless otherwise stated, all share and per share information in these unaudited financial statements is presented as if the reverse split took place at the beginning of all periods presented.

On August 5, 2005, pursuant to a Common Stock Purchase Agreement entered into on May 12, 2005, the Company sold, in a private placement transaction, 1,767,857 shares (49,500,000 pre-reverse split shares) of its common stock to R&R Biotech Partners, LLC and Moyo Partners, LLC (as assignee) (the "Entrust Stock Purchasers") in exchange for aggregate gross proceeds to the Company of $500,000 (the "Entrust Stock Sale"). Effective upon the closing of the Entrust Stock Sale, Arnold P. Kling joined the Company as its president and sole director and Kirk M. Warshaw joined as its chief financial officer and secretary.

The Company's shareholders did not receive any consideration in the Entrust Mortgage Sale, but shareholders of record on July 25, 2005, received a one time aggregate dividend from the Entrust Stock Sale of $400,000, or approximately $0.153 per share. The remaining $100,000 of the consideration paid by the Entrust Stock Purchasers was used to satisfy or reserve for the Company's liabilities and to pay the expenses related to the Entrust Stock Sale.

As of August 6, 2005, the Company's headquarters was relocated to Chatham, New Jersey.

Since August 1, 2005, the Company's purpose is to serve as a vehicle to acquire an operating business and is currently considered a "shell" company inasmuch as the Company is not generating revenues, does not own an operating business, and has no specific plan other than to engage in a merger or acquisition transaction with a yet-to-be identified company or business. The Company has no employees and no material assets. Accordingly, the Company is considered to be a development stage entity beginning on August 1, 2005.

Due to the Company's lack of financial resources and accumulated deficit, there is doubt about its ability to continue as a going concern. The Company is seeking to acquire a business and is currently considered a "blank check" company in as much as the Company is not generating revenues, does not own an operating business and has no specific business plan other than to engage in a merger or acquisition transaction with a yet-to-be identified company or business. The Company has no employees and no material assets. Administrative services are currently being provided by an entity controlled by an officer of the Company at no charge.

NOTE 2 - BASIS OF PRESENTATION

The Company's financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company incurred a loss from continuing operations during the nine months ended September 30, 2006 of $30,821 and there are no prospects of it generating revenue in the near term. There is substantial doubt about the Company's ability to continue operating as a going concern. The Company's present material commitments consist of professional and administrative fees and expenses associated with the preparation of its filings with the Securities and Exchange Commission (the "SEC") and other regulatory requirements.

Because the sale of Entrust Mortgage met all of the requirements of paragraph 30 of Statements of Financial Accounting Standards ("SFAS") 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", the assets and liabilities of the subsidiary were considered as Held for Sale and the results of operations for all periods prior to August 1, 2005 have been presented as discontinued operations.

The interim financial information as of September 30, 2006 and for the three and nine month periods ended September 30, 2006 and 2005 has been prepared without audit, pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures made are adequate to provide for fair presentation. These financial statements should be read in conjunction with the financial statements and the notes thereto, included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005, as filed with the SEC.

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of financial position as of September 30, 2006, and results of operations and cash flows for the three and nine months ended September 30, 2006 and 2005, as applicable, have been made. The results of operations for the three and nine months ended September 30, 2006 are not necessarily indicative of the operating results for the full fiscal year or any future periods.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are in accordance with accounting principles generally accepted in the United States of America. Outlined below are those policies considered particularly significant.

(a) USE OF ESTIMATES:

In preparing financial statements in accordance with accounting principles generally accepted in the United States of America, management makes certain estimates and assumptions, where applicable, that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. While actual results could differ from those estimates, management does not expect such variances, if any, to have a material effect on the financial statements.

(b) EARNINGS (LOSS) PER SHARE:

Basic earnings (loss) per share has been computed on the basis of the weighted average number of common shares outstanding during each period presented according to the provisions of SFAS No. 128 "EARNINGS PER SHARE". Diluted earnings (loss) per share has not been presented separately as the effect of the common stock purchase options (140,000) outstanding as of September 30, 2006 and 2005, on such calculation, would have been anti-dilutive for all periods presented. Such securities could potentially dilute basic earnings per share in the future.

NOTE 4 - STOCKHOLDERS' EQUITY

On July 26, 2005, at a special meeting of the shareholders, the Company's shareholders ratified and approved the amendment of the Articles of Incorporation of the Company to increase the authorized shares of common stock ("Common Stock") from 50,000,000 to 100,000,000 shares.

On August 5, 2005, Arnold P. Kling and R&R Biotech Partners, LLC purchased 1,767,857 shares (49,500,000 pre-reverse split shares) of our Common Stock in exchange for aggregate gross proceeds of $500,000. Mr. Kling subsequently assigned his interests under the Purchase Agreement to Moyo Partners, LLC ("Moyo") an entity which Mr. Kling controls.

On November 1, 2005, a total of 196,429 shares (5,500,000 pre-reverse split shares) of our Common Stock were authorized for issuance to three individuals who provided services to the Company. We issued 69,643 shares (1,950,000 pre-reverse split shares) to each of Arnold Kling and Kirk Warshaw for their services as the Company's president and chief financial officer, respectively, and 57,143 shares (1,600,000 pre-reverse split shares) to MBA Investors, Ltd., an affiliated company of Thomas Pierson, a consultant, for services rendered. Messrs. Kling and Warshaw's services were valued at $7,800 each and Mr. Pierson's services at $6,400.

During the three months ended June 30, 2006, a shareholder contributed $15,000 to the Company as Additional Paid-in-Capital.

On September 18, 2006, the Company effected a one-for-twenty eight reverse split of its issued and outstanding shares of Common Stock. As a result, as of that date, the number of issued and outstanding shares of Common Stock was reduced from 57,612,295 to 2,057,582 shares. As of September 30, 2006, the Company had 100,000,000 shares of Common Stock authorized of which 2,057,582 shares of Common Stock were issued and outstanding.

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

USE OF FORWARD-LOOKING STATEMENTS

Some of the statements in this Form 10-QSB, including some statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" are forward-looking statements about what may happen in the future. They include statements regarding our current beliefs, goals, and expectations about matters such as our expected financial position and operating results, our business strategy, and our financing plans. These statements can sometimes be identified by our use of forward-looking words such as "anticipate," "estimate," "expect," "intend," "may," "will," and similar expressions. We cannot guarantee that our forward-looking statements will turn out to be correct or that our beliefs and goals will not change. Our actual results could be very different from and worse than our expectations for various reasons. We undertake no obligation to revise or update publicly any forward-looking statements for any reason. You are urged to carefully consider these factors, as well as other information contained in this Form 10-QSB and in our other periodic reports and documents filed with the Securities and Exchange Commission ("SEC").

In our Form 10-KSB filed with the SEC for the year ended December 31, 2005 and in the notes to the unaudited Financial Statements in this report, we have identified critical accounting policies and estimates for our business.

RESULTS OF CONTINUING OPERATIONS

On July 31, 2005, our mortgage brokerage business carried out by our wholly owned subsidiary Entrust Mortgage, Inc. ("Entrust Mortgage"), was sold to BBSB, LLC ("BBSB") in exchange for the cancellation of all obligations owed by us and Entrust Mortgage to BBSB and the assumption of certain of our third-party obligations. On August 5, 2005, we sold in a private placement, pursuant to a Stock Purchase Agreement, 1,767,857 shares (49,500,000 pre-reverse split shares) of common stock to R&R Biotech Partners, LLC and Moyo Partners, LLC in exchange for aggregate gross proceeds to us of $500,000. Simultaneously with this sale of common stock, our management changed. From the date of consummation of the Stock Purchase Agreement on August 5, 2005 to-date, we have had no operations. See note 1 to our Notes to Unaudited Financial Statements for further information related to the organization and description of our business since these two transactions.

The following is a discussion of our operations for the three and nine months ended September 30, 2006 and 2005:

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006 AND SEPTEMBER 30, 2005

We did not have any revenues during the three and nine months ended September 30, 2006 and September 30, 2005, respectively. Total expenses for the three and nine months ended September 30, 2006 were $4,769 and $30,821, respectively, and $3,708 for the same periods in 2005. The expenses incurred in 2006 consisted primarily of professional and administrative fees.

The interim results for the three and nine months periods ended September 30, 2005 relate to our discontinued mortgage brokerage business.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2006, Entrust did not have any revenues from operations. Absent a merger or other combination with an operating company Entrust does not expect to have any revenues from operations. No assurance can be given that such a merger or other combination will occur or that Entrust can engage in any public or private sales of Entrust's equity or debt securities to raise working capital. Entrust is dependent upon future loans or capital contributions from its present shareholders and/or management and there can be no assurances that its present shareholders or management will make any loans or capital contributions to Entrust. At September 30, 2006, Entrust had cash of $6,949 and working capital of $4,610.

Entrust's present material commitments are professional and administrative fees and expenses associated with the preparation of its filings with the SEC and other regulatory requirements. In the event that Entrust engages in any merger or other combination with an operating company, it will have additional material commitments, although Entrust presently is not engaged in any material discussions regarding any merger or other combination with an operating company and cannot offer any assurances that it will engage in any merger or other combination with an operating company within the next twelve months.

ITEM 3. CONTROLS AND PROCEDURES

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our president and chief financial officer, carried out an evaluation of the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a-15(e) and 15-d-15(e)) as of the end of the period covered by this report (the "Evaluation Date"). Based upon that evaluation, the president and chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including our president and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in our internal controls over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material pending legal proceedings, which we are a party.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits: See the attached Exhibit Index following the signature page.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENTRUST FINANCIAL SERVICES, INC.

Dated: November 9, 2006 /s/ Arnold P. Kling

Arnold P. Kling, President
(Principal Executive Officer)

Dated: November 9, 2006 /s/ Kirk M. Warshaw

Kirk M. Warshaw, Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX
Form 10-QSB
Quarter Ended September 30, 2006

EXHIBIT NO.	DESCRIPTION
3.1	Articles of Amendment of the Articles of Incorporation
31.1	Certification of President pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO pursuant to Sec. 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of President pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of CFO pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002