COMPREHENSIVE HEALTHCARE SOLUTIONS INC
Form 10QSB
January 14, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended: November 30, 2007

or

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

For the transition period from: _____________ to _____________

Comprehensive Healthcare Solutions, Inc.

(Exact name of small business issuer as specified in its charter)

Delaware	**000-29715**	**58-0962699**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

360 Main Street

Washington, VA 22747

(Address of Principal Executive Office) (Zip Code)

540-675-3149

(Issuer s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (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. X Yes No

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

State the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Check whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

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

COMPREHENSIVE HEALTHCARE SOLUTIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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PART I FINANCIAL INFORMATION

ITEM 1

FINANCIAL STATEMENT

COMPREHENSIVE HEALTHCARE SOLUTIONS, INC & SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

(Unaudited)

		November 30 2007 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	-
TOTAL CURRENT ASSETS		-
Property and equipment, net		3,836
TOTAL ASSETS	$	3,836
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	201,009
Convertible debentures, (S.T - portion)		483,394
Derivative liabilities		165,214

TOTAL CURRENT LIABILITIES		849,617
Convertible debentures and notes, (L.T portion)		19,873
TOTAL LIABILITIES		869,490
Commitments and contingencies		
STOCKHOLDERS' DEFICIT		
Preferred stock, no par value; 5000 shares authorized and no shares issued and outstanding		
Common stock, $0.10 par value 50,000,000 shares authorized and 19,377,109 shares issued and outstanding		1,937,711
Additional paid-in capital		2,555,897
Accumulated deficit		(5,359,262)
TOTAL STOCKHOLDERS' DEFICIT		(865,654)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$	3,836

COMPREHENSIVE HEALTHCARE SOLUTIONS, INC & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the three months ended (Unaudited)		For the nine months ended (Unaudited)	
	November 30,		November 30,	
	2007	2006	2007	2006
Net sales	$ -	$ 24,911	$ -	$ 106,142
Cost of sales	-	11,454	-	51,971
GROSS PROFIT	-	13,457	-	54,171
OPERATING EXPENSES				
Selling, general & administrative expenses	-	22,806	41,390	157,012
Professional Fees	13,500	72,512	26,075	202,477
TOTAL OPERATING EXPENSES	13,500	95,318	67,465	359,489
LOSS FROM OPERATIONS	(13,500)	(81,861)	(67,465)	(305,318)
OTHER INCOME (EXPENSE)				
Gain on derivative liabilities	13,903	(237,221)	41,709	703,574
Interest expense, net	(32,319)	(71,457)	(96,957)	(239,405)
TOTAL OTHER INCOME (EXPENSE)	(18,416)	308,678	(55,248)	464,169
Income (loss) before income taxes	(31,916)	(390,539)	(122,713)	158,851

Income taxes		-		-		-		-
Net income (loss) from continuing operations		(31,916)		(390,539)		(122,713)		158,851
Discontinued operations, net of tax		-		5,788		-		(29,016)
NET INCOME (LOSS)	$	(31,916)	$	(384,751)	$	(122,713)	$	129,835
Weighted average common shares outstanding - basic and diluted		19,377,109		17,077,109		17,950,927		16,397,871
NET LOSS PER SHARE basic and diluted	$	(0.00)	$	(0.02)	$	(0.01)	$	(0.01)

COMPREHENSIVE HEALTHCARE SOLUTIONS, INC & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the nine months ended November 30,	
	2007	2006
	(Unaudited)	
Cash flows from operating activities:		
Net loss	$ (122,713)	$ 129,835
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,402	11,854
Gain on derivative liabilities	(41,709)	(675,484)
Amortization of debt discount	80,651	177,060
Expense for shares and warrants issued for services rendered	19,997	121,888
Settlement on accounts payable	31,967	-
Settlement on loans payable	19,184	-
Changes in current assets & liabilities:		
Accounts receivable	-	(16,825)
Accounts payable and accrued expenses	(37,807)	101,952
Net cash used in operating activities	(49,028)	(149,720)

Cash flows from investing activities				
Net cash used in investing activates		-		-
Cash flows from financing activities				
Proceeds from issuance of debentures and notes		-		75,000
Proceeds from loans		-		10,000
Proceeds from loans from related party		44,823		28,595
Net cash provided by financing activities		44,823		113,595
NET INCREASE (DECREASE) IN CASH		(4,205)		(36,125)
CASH & CASH EQUIVALENTS, BEGINNING OF THE PERIOD		4,205		46,157
CASH & CASH EQUIVALENTS, END OF THE PERIOD	$	-	$	10,032
Supplemental disclosure of cash flow information:				
Cash paid during the period for				
Interest	$	-	$	5,586
Income taxes	$	-	$	-
Non-cash investing and financing activities:				
Derivative liability recorded	$	41,709	$	703,574
Common stock issued for services rendered	$	19,997	$	121,888

NOTE 1 - ORGANIZATION

Comprehensive Healthcare Solutions, Inc. (the Company), directly and indirectly through its wholly owned subsidiaries Accutone, Inc (Accutone) and Interstate Hearing Aid, Inc (Interstate) was in the business of selling and distributing medical care discount cards, hearing aids and providing audiological services. As of the fiscal year ended February 28, 2007, the Company conveyed its interest in Accutone, Inc., a wholly owned subsidiary, to an unrelated third party. Subsequently, Accutone entered into an agreement with, the Company s then Chief Executive Officer to take title to the stock of Interstate Hearing Aid, Inc., a wholly owned subsidiary of Accutone (See note 4). Presently the Company does not have any significant operations and is in the process of seeking a merger or an acquisition.

NOTE 2 GOING CONCERN

The accompanying interim unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America which contemplate continuation of the Company as a going concern. The Company has losses from operations for the nine months ended November 30, 2007. Further, the Company has inadequate working capital to maintain or develop its operations, and is dependent upon funds from private investors and the support of certain stockholders.

These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. In this regard, Management is proposing to raise any necessary additional funds through loans and additional sales of its common stock. There is no assurance that the Company will be successful in raising additional capital.

NOTE 3 BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements of the Company, included in this Form 10-QSB have been prepared in accordance with accounting principles generally accepted in the United States of America and the instructions to Form 10-QSB and consequently do not include all disclosures required by Form 10-QSB. Additional information may be obtained by referring to the Company s Form 10-KSB for the year ended February 28, 2007. In the opinion of management, all adjustments (consisting only of normal recurring items) necessary for a fair presentation of the financial information for the interim periods reported in this Form 10-QSB have been made.

The accounting policies followed for quarterly financial reporting are the same as those disclosed in the Notes to Consolidated Financial Statements included in the Company s Form 10-KSB filed with the Securities and Exchange Commission for the fiscal year ended February 28, 2007. Certain amounts in the prior period have been reclassified to conform to the current presentation.

NOTE 4 - DISCONTINUED OPERATIONS

The Company has conveyed its interests in Accutone, Inc., (Accutone) and Interstate Hearing Aid, Inc (Interstate) as of February 28, 2007. The accompanying unaudited condensed consolidated financial statements and notes reflect the operations of Accutone and Interstate as discontinued operations for the nine months ended November 30, 2007. There were no cash flows from investing or financing activities for discontinued operations for the three and nine months ended November 30, 2007.

NOTE 5- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

In accordance with Emerging Issues Task Force (EITF) 00-21, we have determined that certain of our contractual arrangements contain multiple deliverables which represent separate units of accounting, specifically, the initial hearing screening and the subsequent delivery of the hearing aid and any follow up services necessary. Revenue related to initial screening services is recognized upon delivery of the screening services as there is no further obligation to provide subsequent service, objective and reliable evidence of the fair value of these services exists and the delivery of these services have value to the customer on a stand-alone basis. Revenue is recognized on the delivery of hearing aids in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 48: Revenue Recognition When Right of Return Exists when delivery of the product has occurred and follow up service is completed assuming that collectibility is reasonably assured. If collection is doubtful, no revenue is recognized until such receivables are collected. Generally, customers have a 45 day period in which to either return the product or request follow up service; we therefore recognize revenue for products delivered only upon expiration of the 45 day return period.

Income Taxes

Effective March 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation (FIN) No: 48, Accounting for Uncertainty in Income Taxes, an interpretation of Financial Accounting Standards Board (FASB) Statement on Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes . The interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. At the date of adoption, and as of November 30, 2007, the Company does not have a liability for unrecognized tax benefits.

The Company files income tax returns in the U.S. federal jurisdiction and various states. The Company is subject to U.S. federal or state income tax examinations by tax authorities for the years after 2002. During the periods open to examination, the Company has Net Operating Losses (NOLs) and tax credit carry forwards for U.S. federal and state tax purposes that have attributes from closed periods. Since these NOLs and tax credit carry forwards may be utilized in future periods, they remain subject to examination.

The Company s policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of November 30, 2007, the Company has no known accrued interest or penalties related to uncertain tax positions.

NOTE 5- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Comprehensive Income

Comprehensive income approximates net income for all periods presented.

Earnings (Loss) Per Common Share

Basic earning (loss) per share is computed by dividing net income (loss) by the weighted average number of shares outstanding during the period. Diluted earning per share is computed assuming the exercise of stock options, warrants and convertible debentures, if any, under the treasury stock method and the related income tax effects if not anti-dilutive. For loss periods, common share equivalents are excluded from the calculation, as their effect would be anti-dilutive.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Accounting for Convertible Debentures, Warrants and Derivative Instruments

Statement of Financial Accounting Standard (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, requires all derivatives to be recorded on the balance sheet at fair value. These derivatives, including embedded derivatives in the Company s structured borrowings, are separately valued and accounted for on the Company s balance sheet. Fair values for exchange-traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

The pricing model the Company uses for determining fair values of the Company s derivatives is the Black Scholes Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates, exchange rates and option volatilities. Selection of these inputs involves management s judgment and may impact net income.

In particular, the Company uses volatility rates for a time period similar to the length of the underlying convertible instrument based upon the closing stock price of the Company s common. However, we do not use stock price information prior to February 2002 when the Company emerged from bankruptcy. The Company determined that share prices prior to this period do not reflect the ongoing business valuation of the Company s current operations. The Company uses a risk-free interest rate, which is the U. S. Treasury bill rate, for a security with a maturity that approximates the estimated expected life of our derivative or security. The Company uses the closing market price of the Company s common stock on the date of issuance of a derivative or at the end of a quarter when a derivative is valued at fair value. The volatility factor used in Black Scholes has a significant effect on the resulting valuation of the derivative liabilities on the Company s balance sheet. The initial volatility for the calculation of the embedded and freestanding derivatives ranged from 115% to 190%, this volatility-rate will likely change in the future. The Company s stock price will also change in the future. To the extent that the Company s stock price increases or decreases, the Company s derivative liabilities will also increase or decrease, absent any change in volatility rates.

NOTE 5- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting for Convertible Debentures, Warrants and Derivative Instruments -Continued

In September 2000, the Emerging Issues Task Force issued EITF 00-19, Accounting for Derivative Financial Instruments Indexed to and Potentially Settled in, a Company s Own Stock, (EITF 00-19) which requires freestanding contracts that are settled in a company s own stock, including common stock warrants, to be designated as an equity instrument, asset or a liability. Under the provisions of EITF 00-19, a contract designated as an asset or a liability must be carried at fair value on a company s balance sheet, with any changes in fair value recorded in the company s results of operations. A contract designated as an equity instrument must be included within equity, and no fair value adjustments are required from period to period. In accordance with EITF 00-19, all of the Company s warrants to purchase common stock are accounted for as liabilities. The fair value of these warrants and conversion options is shown on the Company s balance sheet and the unrealized changes in the values of these derivatives are shown in the Company s consolidated statement of operations as Loss on derivative liabilities.

The Company has penalty provisions in the registration agreements for its debentures and warrants that require it to make certain payments in the event of failure to maintain, for certain prescribed periods, an effective registration statement for the common stock securities underlying the debentures and the associated warrants and failure to maintain the listing of our common stock for quotation on the Nasdaq National Market, the Nasdaq SmallCap Market, the New York Stock Exchange or the American Stock Exchange after being so listed or included for quotation, or if the common stock ceases to be traded on the Over-the-Counter Bulletin Board (the OTCBB) or any equivalent replacement exchange on the OTC Bulletin Board, NASDAQ National Market, NASDAQ SmallCap or New York Stock Exchange. The EITF, which has not been adopted, considers alternative treatments including whether or not the registration right itself is a separate derivative liability, or if it is a derivative considered as a combined unit with the conversion feature of a convertible instrument. If the unit is considered separate, the EITF discusses possible alternative treatments including the possibility that the combined unit is a derivative liability only if the maximum liquidated damages exceed the difference between the fair value of registered and unregistered shares. In September 2005, the FASB staff reported that the EITF postponed further deliberations on Issue No. 05-04 The Effect of a Liquidated Damages Clause on a Freestanding Financial Instrument Subject to Issue No. 00-19 (EITF 05-04) pending the FASB reaching a conclusion as to whether a registration rights agreement meets the definition of a derivative instrument.

The Company considers the liquidated damages provision in its various security instruments to be combined with its registration rights and conversion derivatives, and does not account for the provision as a separate liability. The Company records any registration delay payments as an expense in the period when incurred. If the FASB were to adopt an alternative view, the Company could be required to account for the registration delay payments as a separate derivative. Accordingly, the Company would need to record the fair value of the estimated payments, although no authoritative methodology currently exists for evaluating such computation.

NOTE 5- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141(R) Business Combinations (SFAS 141(R)). This Statement replaces the original FASB Statement No. 141. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the *purchase method*) be used for all business combinations and for an acquirer to be identified for each business combination. The objective of this SFAS 141(R) is to improve the relevance, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, SFAS 141(R) establishes principles and requirements for how the acquirer:

a.

Recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree.

b.

Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase.

c.

Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 and may not be applied before that date. The Company is unable at this time to determine the effect that its adoption of SFAS 141(R) will have on its consolidated results of operations and financial condition.

In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 160 Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS 160). This Statement amends the original Accounting Review Board (ARB) No. 51 Consolidated Financial Statements to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008 and may not be applied before that date. The Company is unable at this time to determine the effect that its adoption of SFAS 160 will have on its consolidated results of operations and financial condition.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities -- Including an amendment of FASB Statement No. 115" (FAS 159), which becomes effective for the

Company on March 1, 2008, permits companies to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses in earnings. Such accounting is optional and is generally to be applied instrument by instrument. The Company does not anticipate that the election, of this fair-value option, will have a material effect on its financial condition, results of operations, cash flows or disclosures.

NOTE 5- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Recent Accounting Pronouncements - Continued

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities. SFAS 157 addresses the requests from investors for expanded disclosure about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and does not expand the use of fair value in any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and will be adopted by the Company in the first quarter of fiscal year 2009. The Company is unable at this time to determine the effect that its adoption of SFAS 157 will have on its results of operations and financial condition.

NOTE 6 RELATED PARTY TRANSACTIONS

On September 10, 2007, the Company entered into an Agreement with John Treglia whereby Mr. Treglia released the Company from all debts which the Company owes to Mr. Treglia, including a debt for $145,935 and a debt for $10,000.

NOTE 7 COMMON STOCK

On May 24, 2007 the Company issued 400,000 and 100,000 shares of common stock to its Chief Executive Officer and a consultant for compensation and services rendered; respectively.

NOTE 8 SUBSEQUENT EVENTS

Changes in Control

On September 10, 2007, the Company entered into a Stock Purchase Agreement wherein a total of eighteen million (18,000,000) new shares of the common stock of Comprehensive Healthcare Solutions, Inc. were transferred from the Company to Belmont Partners, LLC in exchange for an aggregate of one hundred fifty thousand dollars ($150,000) in cash. The 18,000,000 shares of common stock represent approximately fifty one percent (51%) of the issued and outstanding stock of the company, and are currently pending delivery to Belmont Partners, LLC.

The Company is a co-Defendant along with Comprehensive Associates, LLP and John H. Treglia in an Interpleader Complaint entered by Belmont Partners, LLC in the US District Court Eastern District of New York Central ISLIP Division. The Interpleader Complaint was entered to obtain certainty regarding the respective rights to the remaining $90,000 balance due under the Stock Purchase Agreement dated September 10, 2007. The Interpleader is currently ongoing with no ruling from the court.

On September 10, 2007, the Company entered into a Consulting Agreement with John Treglia. Pursuant to that agreement Mr. Treglia agreed to work to reduce debts of the Company, and also agreed to be responsible for a Promissory Note payable by the Company in the amount of $40,000.00. In consideration of this agreement the Company agreed to transfer to Mr. Treglia 1,000,000 restricted shares of the company s common stock. These shares have not yet been issued as of November 30, 2007.

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

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of our financial condition. The discussion should be read in conjunction with our financial statements and notes thereto appearing in this form 10QSB. The following discussion and analysis contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ significantly from the results, expectations and plans discussed in these forward- looking statements.

The Company

We were previously in the business of audiological services directly and indirectly through our subsidiaries, Accutone Inc. and Interstate Hearing Aid Service Inc., until January 3, 2007. Both subsidiaries had changed the focus of their marketing to include, not only the individual, self-pay patients, but health care entities and organizations which could serve as patient referral sources for us. The hearing aid industry is competitively changing at a rapid pace and marketing of these services and competing with organizations with stronger capital availability was becoming more difficult. As a result management decided to divest these two subsidiaries as of January 3, 2007.

A major portion of our net sales were generated by fees earned by the provision of audiological testing in our offices as well as a minor amount 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. In addition to the revenue generated from our audiological services, management believed that revenues would increase in future periods as a result of increased distribution and marketing of our medical discount cards as set forth herein. To position ourselves to take advantage of this market, on March 1, 2004 pursuant to a Stock Purchase Agreement, we acquired Comprehensive Network Solutions, Inc. Based on this acquisition, we changed our name to Comprehensive Healthcare Solutions, Inc. to better reflect the fact that we operate in several medical venues. This acquisition management believed would allow the Company to take full advantage of the opportunity to become a major player providing access to discounted health care provider networks and services. The Company was unsuccessful in pursuing this business due to various factors including a lack of sufficient working capital.

On December 5, 2006, the Company entered into an agreement with Comprehensive Associates, LLC (Associates) whereby certain assets of the Company were transferred to Associates. These assets include, but are not limited to, all of the Company s right, title, and interest, in, to, and under a Marketing Affiliation Agreement with Alliance Heathcard, Inc. As consideration for the assignment of assets, Associates agreed to cancel a $27,400 loan issued June 16, 2006, and the Company s obligation to reimburse Associates for legal fees related to that loan in the maximum amount of $20,188.75. In further consideration for the Transfer, Associates extended the repayment period for the $235,000 loan issued August 19, 2005 until April 5, 2007. Associates continue to work with the Company on a revised working arrangement.

On January 3, 2007, the Company entered into an agreement to convey the Company s interest in Accutone, Inc. (Accutone), to Larry A. Brand (Brand) in consideration for the cancellation of a $218,500 loan issued by Brand on June 6, 2006 and accrued interest on the loan. Accutone is a Pennsylvania corporation in the business of selling hearing aid products. The Company owns all of the issued and outstanding shares of stock of Accutone. Accutone has been minimally profitable in its operations within the last five years, its balance sheet does not reflect a positive liquidation value, and the shares of stock of Accutone have no realizable value for the Corporation, as there is no viable market for its stock in light of its history. Brand has been active in the business of hearing aid manufacturing and marketing and was a participant in the creation of Accutone, and desired to take ownership of the business.

On January 3, 2007, Accutone entered into an agreement with John Treglia. Pursuant to that agreement, Mr. Treglia agreed to take title to the stock of Interstate Hearing Aid, Inc. (Interstate), Accutone s wholly-owned subsidiary, from Accutone upon the conveyance of the Accutone stock from Brand. Interstate is a Pennsylvania corporation, which is insolvent, and which owes, among other obligations, in excess of $250,000 in federal and state withholding taxes for the years 2001 through 2006.

On September 10, 2007, the Company entered into a Consulting Agreement with John Treglia. Pursuant to that agreement Mr. Treglia agreed to work to reduce debts of the Company, and also agreed to be responsible for a Promissory Note payable by the Company in the amount of $40,000.00. In consideration of this agreement the Company agreed to transfer to Mr. Treglia 1,000,000 restricted shares of the company s common stock. This agreement has not yet been finalized and these shares have not been issued.

On September 10, 2007, the Company entered into an Agreement with John Treglia whereby Mr. Treglia released the Company from all debts which the Company owes to Mr. Treglia, including a debt for $145,935 and a debt for $10,000.

On September 12, 2007, the Company entered into a Stock Purchase Agreement with Belmont Partners, LLC wherein a total of eighteen million (18,000,000) new shares of the Company s common stock were transferred from the Company to Belmont Partners in exchange for an aggregate of one hundred fifty thousand dollars ($150,000) in cash. The 18,000,000 shares of common stock represent approximately fifty one percent (51%) of the issued and outstanding stock of the Company, and are currently pending delivery to Belmont Partners, LLC. As part of the acquisition, Joseph J. Meuse was appointed as the Company s President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board and Secretary. John Treglia resigned from his positions on the Company s Board of Directors and as the Company s President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board and Secretary, effective September 12, 2007

To date we have not been able to raise additional funds through either debt or equity offerings. Without this additional cash we have been unable to pursue our plan of operations and we no longer believe that we will be able to raise the necessary funds to continue to pursue our business operations. Since we have not been able to raise funds, we have entered into the above transaction and have ceased the pursuit of our business plan. We are actively seeking out and investigating possible business opportunities with the intent to acquire or merge with one or more business ventures.

Critical Accounting Policies and Estimates

Our discussion of our financial condition and results of operations is an analysis of the unaudited condensed consolidated financial statements, which have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America. Although our significant accounting policies are described in Note 5 of the notes to condensed consolidated financial statements, the following discussion is intended to describe those accounting policies and estimates most critical to the preparation of our consolidated financial statements. The preparation of these unaudited condensed consolidated financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates. We base our estimates on historical experience and on various other factors that we believe to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policy affect the more significant judgments and estimates used in the preparation of our consolidated financial statements:

We have issued convertible debentures with embedded derivatives and warrants, which estimates and opinions that may change the nature of the accounting treatment based on FAS 133, EITF 98-5 and EITF 00-19 among others.

Recently Issued Accounting Pronouncements

Business Combinations

In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 141(R) Business Combinations (SFAS 141(R)). This Statement replaces the original FASB Statement No. 141. This Statement retains the fundamental requirements in Statement 141 that the acquisition method of accounting (which Statement 141 called the *purchase method*) be used for all business combinations and for an acquirer to be identified for each business combination. The objective of this SFAS 141(R) is to improve the relevance, and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. To accomplish that, SFAS 141(R) establishes principles and requirements for how the acquirer:

d.

Recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree.

e.

Recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase.

f.

Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 and may not be applied before that date. The Company is unable at this time to determine the effect that its adoption of SFAS 141(R) will have on its consolidated results of operations and financial condition.

Recent Accounting Pronouncements - continued

Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51

In December 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 160 Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS 160). This Statement amends the original Accounting Review Board (ARB) No. 51 Consolidated Financial Statements to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This Statement is effective for fiscal years and interim periods within those fiscal years, beginning on or after December 15, 2008 and may not be applied before that date. The Company is unable at this time to determine the effect that its adoption of SFAS 160 will have on its consolidated results of operations and financial condition.

In February 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159) which permits entities to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses in earnings. Such accounting is optional and is to be applied instrument by instrument. The Company does not anticipate that the election of this fair value option will have a material effect on its financial conditions, results of operations, cash flows or disclosures.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157). SFAS 157 provides guidance for using fair value to measure assets and liabilities. SFAS 157 addresses the requests from investors for expanded disclosure about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value, and does not expand the use of fair value in any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and will be adopted by the Company in the first quarter of fiscal year 2009. The Company is unable at this time to determine the effect that its adoption of SFAS 157 will have on its results of operations and financial condition.

THREE MONTHS ENDED NOVEMBER 30, 2007 COMPARED TO THREE MONTHS ENDED NOVEMBER 30, 2006

Revenue

Revenues for the three months ended November 30, 2007 and 2006 was $ 0 and $24,911 respectively. The decrease in revenues is attributable to severe cash flow problems that negatively impacted our ability to conduct our business as structured and ultimately caused us to become and remain insolvent.

Cost of sales

The costs of sales were $ 0 and $11,454 for in the three months ended November 30, 2007 and 2006, respectively. The decrease in cost of sales resulted from the decrease in revenues.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $ 0 and $22,806 for the three months ended November 30, 2007 and 2006, respectively, a decrease of $22,806. The decrease is primarily attributable to a decrease in operations and compensation expense.

Professional Fees

Professional fees were $13,500 and $72,512 for the three months ended November 30, 2007 and 2006, respectively, a decrease of $59,012 due to reduced expenses for financial consultants, legal and accounting fees.

Other income (expenses):

Interest expense was $32,319 and $71,457 for the three months ended November 30, 2007 and 2006, respectively. Interest expense is primarily comprised of non-cash amortization of debt discount.

NINEMONTHS ENDED NOVEMBER 30, 2007 COMPARED TO NINE MONTHS ENDED NOVEMBER 30, 2006

Revenue

Revenues for the nine months ended November 30, 2007 and 2006 was $ 0 and $106,142 respectively. The decrease in revenues is attributable to severe cash flow problems that negatively impacted our ability to conduct our business as structured and ultimately caused us to become and remain insolvent.

Cost of sales

The costs of sales were $ 0 and $51,971 for in the nine months ended November 30, 2007 and 2006, respectively. The decrease in cost of sales was the result of the decrease in revenues.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $41,390 and $157,012 for the nine months ended November 30, 2007 and 2006, respectively, a decrease of $115,622 or 74%. The decrease is primarily attributable to a decrease in operations and compensation expense.

Professional Fees

Professional fees were $26,075 and $202,477 for the nine months ended November 30, 2007 and 2006, respectively, a decrease of $176,402 or 87% due to reduced expenses for financial consultants, legal and accounting fees.

Other income (expenses):

Interest expense was $96,957 and $239,405 for the nine months ended November 30, 2007 and 2006, respectively. Interest expense is primarily comprised of non-cash amortization of debt discount.

The gain on derivative liabilities was $41,709 and $703,574 for the nine months ended November 30, 2007 and 2006, respectively, a decrease of $661,865 or 94%. This was attributed to a reduction of the fair value of the derivative liability, which resulted from a decrease in the Company s market price per common share

Liquidity and Capital Resources

We incurred significant operating losses in recent years which resulted in severe cash flow problems that negatively impacted our ability to conduct our business as structured and ultimately caused us to become and remain insolvent. We believed that our audiology business would generate sufficient working capital to finance its current operations at existing levels of revenue. However, we no longer believe that the current cash generated by the audiology business is sufficient to expand its scope of business activities. This prompted management to take the steps to divest us of these entities.

We estimated that in order for us to achieve our marketing goals successfully for our Solution Card and its other related products we would require between $750,000 and $1,500,000 of additional capital. Management sought external sources of financing in order to support any such expansion plans as the anticipated cash flows from the sale of our cards would not be sufficient to support any expansion plans. We failed in our attempts to raise the funds necessary and therefore our growth was curtailed and we could not concentrate on increasing the volume and profitability of our existing outlets.

On June 1, 2005 and August 1, 2005, we issued convertible debentures in the amounts of $200,000 and $50,000, respectively. The debentures have a term of five years and are convertible 20% per year to common stock of our company. The conversion rates are $0.50, $0.75, $0.75, $1.00 and $1.00, for the respective traunches that are convertible each year. Interest due may be paid in cash or in shares at the option of the debenture holder. With regard to the $200,000 note, on January 3, 2007, the Company entered into an agreement to convey the Company s interest in Accutone in consideration for the cancellation of such debt. The $50,000 debt instrument is currently in default as we have not made the required interest payments. The lender cannot accelerate the due date on the debt.

On August 19, 2005, we entered into a consulting and financing agreement with Comprehensive Associates, LLC, a private investment group, pursuant to which we received $217,000 net of legal expenses and other related fees, in consideration for the issuance of two separate convertible debentures of $35,000 and $200,000, which are convertible at $.25 per share. In addition, we entered into an agreement to issue warrants which could raise an additional $2,665,000, if and when, the warrants are exercised. Under the consulting agreement, the investors received warrants to purchase 5 million shares at $0.25 per share. On September 29, 2005, Comprehensive Associates, LLC loaned us $28,000 to be utilized for the printing of cards. Our agreement calls for revenue sharing on all of the cards printed as a result of the utilization of these funds, as well as a nominal rate of interest on the loan. We did not make the required payments of interest, which were due after 90 days. In addition, we do not have sufficient authorized shares to meet the potential conversion obligation and we did not file a required registration statement, therefore, we are in default of the loan. As a result of the default, the loan is due and payable, although the lender has not issued a demand for payment of the debt.

On September 20, 2005, we entered into a term sheet with Westor Capital Croup, Inc. On November 28, 2005, Westor raised a total of $145,000; shortly thereafter the agreement with Westor Capital was terminated. Pursuant to the term sheet with Westor, we were required to file an SB-2 registration statement by January 15, 2006, which was not completed. We therefore are in breach of this agreement. In addition, pursuant to our original funding agreement and subsequent redemption agreement with Comprehensive Associates, LLC we were also required to file a registration statement, and therefore we are also in breach of this agreement. The loan is, due to the default, due and payable. The lender has not issued a demand for payment of the debt.

As of November 30, 2007, our liquidity and capital resources included cash and cash equivalents of $0 compared to $4,205 at the beginning of the fiscal year. The $4,205 decrease in total cash and cash equivalents from February 28, 2007 to November 30, 2007, was mainly due cash used by operating activities offset by proceeds received from the loans from a related party.

Cash used in operating activities totaled $49,028 for the nine months ended November 30, 2007 due to continued losses. The cash used in operations for the same period in the prior year was $149,720. The reduction in 2007 was mainly due to diminished losses.

Net cash provided by financing activities for the nine months ended November 30, 2007 totaled $44,823, resulting from loan proceeds from a related party.

We have total liabilities of approximately $870,000 and assets of approximately $4,000. Without new financing, we will be forced to liquidate our businesses. Management is currently working diligently on raising new financing.

On December 5, 2006, the Company entered into an agreement with Comprehensive Associates, LLC (Associates) whereby certain assets of the Company were transferred to Associates. These assets include, but are not limited to, all of the Company s right, title, and interest, in, to, and under a Marketing Affiliation Agreement with Alliance Heathcard, Inc. As consideration for the assignment of assets, Associates agreed to cancel a $27,400 loan issued June 16, 2006, and the Company s obligation to reimburse Associates for legal fees related to that loan in the maximum amount of $20,188.75. In further consideration for the transfer, Associates extended the repayment period for the $235,000 loan issued August 19, 2005 until April 5, 2007. The Company is currently in default on this loan.

On January 3, 2007, the Company entered into an agreement to convey the Company s interest in Accutone, Inc. (Accutone), to Larry A. Brand (Brand) in consideration for the cancellation of a $218,500 loan issued by Brand on June 6, 2006 and accrued interest on the loan. Accutone is a Pennsylvania corporation in the business of selling hearing aid products. The Company owns all of the issued and outstanding shares of stock of Accutone. Accutone was minimally profitable in its operations within the last five years, its balance sheet does not reflect a positive liquidation value, and the shares of stock of Accutone have no realizable value for the Corporation, as there is no viable market for its stock in light of its history. Brand has been active in the business of hearing aid manufacturing and marketing and was a participant in the creation of Accutone, and desires to take ownership of the business.

On January 3, 2007, Accutone entered into an agreement with John Treglia. Pursuant to that agreement, Mr. Treglia has agreed to take title to the stock of Interstate Hearing Aid, Inc. (Interstate), Accutone s wholly-owned subsidiary, from Accutone upon the conveyance of the Accutone stock to Brand. Interstate is a Pennsylvania corporation, which is insolvent, and which owes, among other obligations, in excess of $250,000 in federal and state withholding taxes for the years 2001 through 2006.

On September 10, 2007, the Company entered into a Consulting Agreement with John Treglia. Pursuant to that agreement Mr. Treglia agreed to work to reduce debts of the Company, and also agreed to be responsible for a Promissory Note payable by the Company in the amount of $40,000.00. In consideration of this agreement the Company agreed to transfer to Mr. Treglia 1,000,000 restricted shares of the company s common stock. This agreement has not yet been finalized and these shares have not been issued.

On September 10, 2007, the Company entered into an Agreement with John Treglia whereby Mr. Treglia released the Company from all debts which the Company owes to Mr. Treglia, including a debt for $145,935 and a debt for $10,000.

On September 12, 2007, the Company entered into a Stock Purchase Agreement with Belmont Partners, LLC wherein a total of eighteen million (18,000,000) new shares of the Company s common stock were transferred from the Company to Belmont Partners in exchange for an aggregate of one hundred fifty thousand dollars ($150,000) in cash. The 18,000,000 shares of common stock represent approximately fifty one percent (51%) of the issued and outstanding stock of the Company, and are currently pending delivery to Belmont Partners, LLC. As part of the acquisition, Joseph J. Meuse was appointed as the Company s President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board and Secretary. John Treglia resigned from his positions on the Company s Board of Directors and as the Company s President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board and Secretary, effective September 12, 2007

To date, we have not been able to raise additional funds through either debt or equity offerings. Without this additional cash, we have been unable to pursue our plan of operations and we no longer believe that we will be able to raise the necessary funds to continue to pursue our business operations. Since we have not been able to raise funds, we have entered into the above transaction and we have ceased the pursuit of our business plan and are actively seek out and investigating possible business opportunities with the intent to acquire or merge with one or more business ventures.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Related Party Transactions

In May, 2007, the Company issued 400,000 shares of common stock to John Treglia, the Company's CEO, in compensation for services. As of August 31, 2007 Mr. Treglia loaned the Company an additional $8,523 for working capital and the total outstanding debt is $145,935 at May 31, 2007. The loan does not accrue interest and has no fixed repayment date.

On September 10, 2007, the Company entered into an Agreement with John Treglia whereby Mr. Treglia released the Company from all debts which the Company owes to Mr. Treglia, including a debt for $145,935 and a debt for $10,000.

On September 10, 2007, the Company entered into a Consulting Agreement with John Treglia. Pursuant to that agreement Mr. Treglia agreed to work to reduce debts of the Company, and also agreed to be responsible for a Promissory Note payable by the Company in the amount of $40,000.00. In consideration of this agreement the Company agreed to transfer to Mr. Treglia 1,000,000 restricted shares of the company s common stock. This agreement has not yet been finalized and these shares have not yet been issued as of November 30, 2007.

Item 3. Controls and Procedures

Evaluation of disclosure controls and procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), as of November 30, 2007. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission s rules and forms and that our disclosure and controls are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal controls

There were no changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls over financial reporting that occurred during the third quarter of fiscal 2007 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.

The Company has substantial debt and has been contacted by a number of creditors. The non-payment of such debt may give rise to legal action against the company.

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.

No matter was submitted during the quarter ending November 30, 2007, covered by this report to a vote of our shareholders, through the solicitation of proxies or otherwise.

Item 5. Other Information.

None

Item 6. Exhibits and Reports of Form 8-K.

(a) Exhibits

(b)

Reports on Form 8-K

On September 17, 2007 the Company filed an 8K with the SEC based on changes in Control of Registrant.

Exhibit Number	**Exhibit Title**
31.1	Certification of Joseph Meuse pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1	Certification of Joseph Meuse pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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.

Date: January 14, 2008

By: /s/ *Joseph Meuse*

Joseph Meuse

President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board and Secretary.