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ENTRUST FINANCIAL SERVICES INC
Form 10QSB
April 27, 2007

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarter ended March 31, 2007

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

COMMISSION FILE NO. 0-23965

ENTHRUST FINANCIAL SERVICES, INC.

(Exact name of small business issuer in its charter)

DELAWARE

(State of incorporation)

84-1374481

(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 No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes 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 2,057,771 shares of the issuer's common stock, par value \$.001 per share, outstanding as of April 26, 2007.

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

ENTHRUST 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 Delaware corporation, and its predecessors.

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PART 1 - FINANCIAL INFORMATION

ITEM 1. Financial Statements:

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

ASSETS

Cash

TOTAL ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts Payable & accrued expenses

Total liabilities

SHAREHOLDERS' EQUITY (DEFICIT)

Preferred stock; \$0.001 par value, 1,000,000
authorized, none issued

Common stock, \$0.001 par value; 100,000,000 shares
authorized, 2,057,771 shares issued and outstanding

Additional paid-in capital

Accumulated deficit

Deficit accumulated during the development period

Total shareholders' equity (deficit)

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

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

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

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	Cumulative During the Development Stage August 1, 2005 to March 31, 2007	-----
REVENUES	\$ -	\$ -----
Expenses		
Compensation expense	15,600	
Professional fees	78,529	
Filing fees	20,875	
Other expenses	553	
	-----	-----
Total expenses	115,557	-----
Net loss	\$ (115,557)	\$ =====
Basic and diluted loss per share		\$ -----
Basic and diluted weighted average shares outstanding		2, =====

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

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

	Cumulative During the Development Stage August 1, 2005 to March 31, 2007	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (115,557)	
Non-cash items:		
Common stock issued for services	22,000	
Increase (decrease) in:		
Accounts payable and accrued expenses	9,925	

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Net cash provided (used) by operating activities	(83,632)

CASH FLOWS FROM FINANCING ACTIVITIES	
Additional paid-in-capital contributions	54,500

Net cash provided (used) by financing activities	54,500

Decrease in cash	(29,132)
Cash, at beginning of period	43,008

Cash, at end of period	\$ 13,876
	=====
SUPPLEMENTAL INFORMATION	
Cash Paid for Income Taxes	\$ -
Cash Paid for Interest	\$ -

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

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ENTHRUST FINANCIAL SERVICES, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
March 31, 2007
(unaudited)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

We were organized on November 8, 1996 under the laws of the State of Colorado initially as "Centennial Banc Share Corporation". We subsequently changed our name to "Entrust Financial Services, Inc." on April 6, 2001 ("Entrust Colorado"). On December 4, 2006, Entrust Colorado's Board of Directors approved the merger of Entrust Colorado with and into Entrust Financial Services, Inc. ("EFS" or the "Company"), a corporation organized on December 20, 2006 under the laws of the State of Delaware solely for the purpose of the merger.

Effective January 11, 2007, Entrust Colorado was merged with and into EFS which became the surviving corporation (the "Delaware Merger") and as a result, (i) every issued and outstanding share of Entrust Colorado common stock was automatically converted into the right to receive one share of EFS common stock; (ii) our name changed to Entrust Financial Services, Inc.; and (iii) we adopted the EFS's capital structure which consists of 100,000,000 shares of common stock, par value \$0.001 per share, and 1,000,000 shares of blank check preferred stock, par value \$0.001 per share.

Prior to the Delaware Merger, effective September 18, 2006, Entrust Colorado 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 Entrust Colorado common stock was reduced from 57,612,295 to 2,057,771 shares (the "Reverse Split").

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Unless otherwise stated, all share and per share information in the financial statements and description below is presented as if the Reverse Split and Delaware Merger took place at the beginning of all periods presented.

We were initially formed for the purpose of developing and maintaining a mortgage brokerage business. In April 1999, we acquired Entrust Mortgage, Inc., a mortgage banking business which became our wholly-owned subsidiary and was our primary business until July 31, 2005 ("Entrust Mortgage"). 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 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 (the "Entrust Mortgage Sale").

Our stockholders did not receive any consideration in the Entrust Mortgage Sale, but stockholders of record on July 25, 2005, received a one time aggregate dividend from the Entrust Stock Sale (as described below) of \$400,000, or approximately \$0.153 per share (pre-split). The remaining \$100,000 of the consideration paid by the Entrust Stock Purchasers (as described below) was reserved by us to satisfy our then existing and future liabilities and to pay the expenses related to the Entrust Stock Sale.

Following the Entrust Mortgage Sale, we had no operations. Since August 1, 2005, our purpose has been to serve as a vehicle to acquire an operating business and we are currently considered a "shell" company inasmuch as we are not generating revenues, do not own an operating business, and have no specific plan other than to engage in a merger or acquisition transaction with a yet-to-be identified company or business. We have no employees and no material assets. Accordingly, we are considered to be a development stage entity beginning on August 1, 2005.

As of August 6, 2005, our executive offices were relocated to Chatham, New Jersey.

Due to our lack of financial resources and accumulated deficit, there is doubt about our ability to continue as a going concern. We are seeking to acquire a business and currently considered a "blank check" company in as much as we are not generating revenues, do not own an operating business and have no specific business plan other than to engage in a merger or acquisition transaction with a yet-to-be identified company or business. We have 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.

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ENTRUST FINANCIAL SERVICES, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
March 31, 2007
(unaudited)

NOTE 2 - BASIS OF PRESENTATION

The Company's financial statements have been presented on the basis that the

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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 three months ended March 31, 2007 of \$14,182 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.

The interim financial information as of March 31, 2007 and for the three month periods ended March 31, 2007 and 2006 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, 2006, 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 March 31, 2007, and results of operations and cash flows for the three months ended March 31, 2007 and 2006, as applicable, have been made. The results of operations for the three months ended March 31, 2007 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".

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(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
March 31, 2007
(unaudited)

NOTE 4 - STOCKHOLDERS' EQUITY

On July 26, 2005, at a special meeting of the stockholders, the Company's stockholders 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 (the Entrust Stock Sale). 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 year ended December 31, 2006, a principal stockholder contributed \$29,500 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 2,057,771 shares. As of September 30, 2006, the Company had 100,000,000 shares of Common Stock authorized of which 2,057,771 shares of Common Stock were issued and outstanding.

Effective January 11, 2007, Entrust Colorado was merged with and into EFS which became the surviving corporation (the "Delaware Merger") and as a result, (i) every issued and outstanding share of Entrust Colorado common stock was automatically converted into the right to receive one share of EFS common stock; (ii) our name changed to Entrust Financial Services, Inc.; and (iii) we adopted the EFS's capital structure which consists of 100,000,000 shares of common stock, par value \$0.001 per share, and 1,000,000 shares of blank check preferred stock, par value \$0.001 per share.

During the three months ended March 31, 2007, a principal stockholder contributed \$25,000 to the Company as Additional Paid-in-Capital.

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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

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"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, 2006 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 months ended March 31, 2007 and 2006:

THREE MONTHS ENDED MARCH 31, 2007 AND MARCH 31, 2006

We did not have any revenues during the three months ended March 31, 2007 and March 31, 2006, respectively. Total expenses for the three months ended March 31, 2007 were \$14,182 and \$19,009 for the same period in 2006. The expenses incurred in 2007 and 2006 consisted primarily of professional and administrative fees.

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended March 31, 2007, we did not have any revenues from operations. Absent a merger or other combination with an operating company we do not expect to have any revenues from operations. No assurance can be given that such a merger or other combination will occur or that we can engage in any public or private sales of our equity or debt securities to raise working capital. We are dependent upon future loans or capital contributions from our present stockholders and/or management and there can be no assurances that our present stockholders or management will make any loans or capital contributions to us. At March 31, 2007, we had cash of \$13,876 and working capital of \$3,951.

Our present material commitments are professional and administrative fees and expenses associated with the preparation of our filings with the SEC and other regulatory requirements. In the event that we engage in any merger or other

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combination with an operating company, we will have additional material commitments, although we presently are not engaged in any material discussions regarding any merger or other combination with an operating company and cannot offer any assurances that we will engage in any merger or other combination with an operating company within the next twelve months.

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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.

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PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

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.

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ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits: See the attached Exhibit Index following the signature page, incorporated herein by reference.

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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.

ENTHRUST FINANCIAL SERVICES, INC.

Dated: April 27, 2007

/s/ Arnold P. Kling

Arnold P. Kling, President
(Principal Executive Officer)

Dated: April 27, 2007

/s/ Kirk M. Warshaw

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

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EXHIBIT INDEX
Form 10-QSB
Quarter Ended March 31, 2007

EXHIBIT

NO.	DESCRIPTION
-----	-----
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.

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32.2 Certification of CFO pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002.

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