

ENTRUST FINANCIAL SERVICES INC  
Form 10QSB/A  
February 12, 2003

**SECURITIES & EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-QSB/A**

**Amendment No. 4**

**(X) Quarterly Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2002

or

**( ) Transition Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No. 0-23965

ENTRUST FINANCIAL SERVICES, INC.  
(Exact name of Registrant as specified in its charter)

Colorado  
(State or other jurisdiction  
Number)  
of incorporation)

84-1374481  
(IRS Employer File

Fifth Floor, 6795 E. Tennessee Ave., Denver, CO 80224  
(Address of principal executive offices) (Zip Code)

(303) 322-6999  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) had filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

The number of shares outstanding of Registrant's common stock, par value \$.0000001 per share, as of March 31, 2002 were 2,283,622 common shares.

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References in this document to us, we, or the Company refer to Entrust Financial Services, Inc, its predecessors and its subsidiaries.

## PART 1 - FINANCIAL INFORMATION

## ITEM 1. Financial Statements:

**ENTRUST FINANCIAL SERVICES, INC.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

|                                   | <b>March 31,<br/>2002</b> | <b>(Restated)<br/>December 31,<br/>2001</b> |
|-----------------------------------|---------------------------|---|
|                                   |                           |   |
| <b>ASSETS:</b>                    |                           |   |
| Current assets:                   |                           |   |
| Cash                              | \$ 1,241,418              | \$ 858,848                                  |
| Accounts Receivable               | 521,787                   | 638,339                                     |
| Note Receivable                   | 700,140                   | 645,769                                     |
| Total current assets              | 2,463,345                 | 2,142,956                                   |
| Fixed assets - Note 1             |                           |   |
| Computers & Equipment             | 229,503                   | 221,652                                     |
| Furniture & Fixtures              | 173,843                   | 183,682                                     |
| Total fixed assets                | 403,346                   | 405,334                                     |
| Less accumulated depreciation     | (211,771)                 | (196,808)                                   |
| Net fixed assets                  | 191,575                   | 208,526                                     |
| Other assets:                     |                           |   |
| Prepaid Expenses                  | 48,346                    | 59,554                                      |
| Marketable Security               | 3,200                     | 3,200                                       |
| Loans Held for Resale             | 11,519,251                | 17,069,794                                  |
| Title Co. Advances                | 218,273                   | 330,247                                     |
| Intangible Assets (Net)           | 1,542,500                 | 1,560,000                                   |
| Deposit                           | 21,730                    | 21,730                                      |
| Total other assets                | 13,353,310                | 19,044,535                                  |
| <b>TOTAL ASSETS</b>               | <b>\$ 16,008,230</b>      | <b>\$ 21,396,017</b>                        |
| <br><b>LIABILITIES AND EQUITY</b> |                           |   |
| Current liabilities:              |                           |   |
| Accounts payable                  | \$ 138,226                | \$ 141,523                                  |
| Accrued Expenses                  | 215,116                   | 354,990                                     |
| Notes Payable                     | 163,688                   | 163,688                                     |
| Loan Reserve                      | 150,145                   | 41,036                                      |
| Debenture Payable                 | 162,100                   | 162,100                                     |

|  | <b>March 31,<br/>2002</b> | <b>(Restated)<br/>December 31,<br/>2001</b> |
|--|---------------------------|---|
|  | <hr/>                     | <hr/>                                       |
| Total current liabilities  | 829,275                   | 863,337                                     |
| Other Liabilities  |                           |   |
| Warehouse Line Payable   | 11,343,847                | 16,894,300                                  |
| Total other liabilities  | 11,343,847                | 16,894,300                                  |
| Stockholder's equity:  |                           |   |
| Preferred stock, \$.0000001 Par Value<br>1,000,000 Shares Authorized. None Issued  | --                        | --  |
| Common stock, \$.0000001 Par Value<br>50,000,000 Shares Authorized, 2,288,622 are<br>issued and outstanding for 2002 and 2,273,622<br>were issued and outstanding for 2001 | 1                         | 1   |
| Additional Paid-In Capital   | 7,226,915                 | 7,213,915                                   |
| Retained Earnings (Deficit)  | (3,310,759)               | (3,494,487)                                 |
| Deferred Compensation  | (81,050)                  | (81,050)                                    |
| Total Stockholders' Equity   | 3,853,107                 | 3,638,379                                   |
| <b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY:</b>   | <b>\$ 16,008,230</b>      | <b>\$ 21,396,017</b>                        |

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

**ENTRUST FINANCIAL SERVICES, INC.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

|                       | <b>Three-Months<br/>Ended<br/>March 31, 2002</b> | <b>Three-Months<br/>Ended<br/>March 31, 2001</b> |
|-----------------------|--|--|
|                       | <hr/>  | <hr/>  |
| REVENUE:              |  |  |
| Loan Origination Fees | \$2,481,468                                      | \$ 1,427,478                                     |
| Interest Income       | 374,177  | 172,001  |
| Miscellaneous Income  | 79   | 124,905  |

|  | <b>Three-Months<br/>Ended<br/>March 31, 2002</b> | <b>Three-Months<br/>Ended<br/>March 31, 2001</b> |
|--|--|--|
| Total Revenue                                  | 2,855,724  | 1,724,384  |
| <b>OPERATING EXPENSES:</b>                     |  |  |
| Loan Origination Costs                         | 2,128,505  | 1,572,050  |
| Interest Expense                               | 245,325  | 134,381  |
| General & Administrative                       | 298,166  | 155,058  |
| Total Operating Expenses                       | 2,671,996  | 1,861,489  |
| NET PROFIT (LOSS)                              | \$ 183,728                                       | \$ (137,105)                                     |
| <br>   |  |  |
| BASIC EARNINGS/(LOSS) PER SHARE                | \$ 0.08  | \$ (0.07)  |
| <br>   |  |  |
| DILUTED EARNINGS/(LOSS) PER SHARE              | \$ 0.08  | \$ (0.07)  |
| <br>   |  |  |
| BASIC WEIGHTED AVERAGE SHARES OUTSTANDING      | 2,273,622  | 1,855,493  |
| <br>   |  |  |
| DILUTED WEIGHTED AVERAGE SHARES<br>OUTSTANDING | 2,410,872  | --   |

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

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**ENTRUST FINANCIAL SERVICES, INC.  
CONSOLIDATED STOCKHOLDER'S EQUITY (DEFICIT)  
March 31, 2002  
(Unaudited)**

| <b>COMMON<br/>STOCKS</b> |               |   |  |                                  |   |
|--------------------------|---------------|---|--|----------------------------------|---|
| <b>Shares</b>            | <b>Amount</b> | <b>Additional<br/>Paid-in<br/>Capital</b> | <b>Retained<br/>Earnings<br/>(Deficit)</b> | <b>Deferred<br/>Compensation</b> | <b>Total<br/>Stockholder's<br/>Equity</b> |
| <hr/>                    | <hr/>         | <hr/>                                     | <hr/>                                      | <hr/>                            | <hr/>                                     |

**COMMON  
STOCKS**

|  |           |    |             |               |           |              |
|--|-----------|----|-------------|---------------|-----------|--------------|
| Balance December 31,<br>1999 ..                          | 1,366,200 | 1  | 3,969,259   | (1,391,656)   | --        | 2,577,604    |
| Issuance of stock<br>for services 6/00                   | 74,500    | -- | 126,650     | --            | --        | 126,650      |
| Issuance of stock<br>for cash 6/00                       | 109,166   | -- | 700,000     | --            | --        | 700,000      |
| Issuance of stock<br>for repayment<br>of Debenture 10/00 | 285,626   | -- | 500,000     | --            | --        | 500,000      |
| Issuance of stock<br>for acquisition 12/00               | 150,000   | -- | 1,400,000   | --            | --        | 1,400,000    |
| Net loss for year  | --        | -- | --          | (2,733,739)   | --        | (2,733,739)  |
| Balance December 31,<br>2000 ..                          | 1,985,492 | 1  | 6,695,909   | (4,125,395)   | --        | 2,570,515    |
| Issuance of stock<br>for cash 3/01                       | 50,000    | -- | 100,000     | --            | --        | 100,000      |
| Issuance of stock<br>for services 3/01                   | 30,000    | -- | 30,000      | --            | --        | 30,000       |
| Issuance of stock<br>for cash 4/01                       | 64,596    | -- | 70,424      | --            | --        | 70,424       |
| Issuance of stock<br>for services 5/01                   | 138,534   | -- | 107,219     | --            | --        | 107,219      |
| Issuance of stock<br>for services 7/01                   | 5,000     | -- | 3,000       | --            | --        | 3,000        |
| Warrants Granted   | --        | -- | 207,363     | --            | (207,363) | --           |
| Warrants Earned  | --        | -- | --          | --            | 126,313   | 126,313      |
| Net profit for the year                                  | --        | -- | --          | 630,908       | --        | 630,908      |
| Balance December 31,<br>2001 ..                          | 2,273,622 | 1  | 7,213,915   | (3,494,487)   | (81,050)  | 3,638,379    |
| Issuance of stock<br>for services 2/02                   | 10,000    | -- | 13,000      | --            | --        | 13,000       |
| Net profit for the period                                | --        | -- | --          | 183,728       | --        | 183,728      |
| ..   | 2,283,622 |    |             |               |           |              |
| Balance March 31, 2002                                   | \$        | 1  | \$7,226,915 | \$(3,310,759) | (81,050)  | \$ 3,835,107 |

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

**ENTRUST FINANCIAL SERVICES, INC.**  
**Consolidated Statements of Cash Flow**  
**(Unaudited)**

|   | <b>Three-Months<br/>Ended March 31,</b> |                    |
|---|---|--------------------|
|   | <b>2002</b>                             | <b>2001</b>        |
| <b>Cash Flows from Operating Activities:</b>                                |   |                    |
| Net Income (Loss)   | \$ 183,728                              | \$ (137,105)       |
| Adjustments to reconcile net loss to net cash used for operating activities |   |                    |
| Depreciation  | 14,963                                  | 37,094             |
| Amortization of Intangible Assets   | 17,500                                  | 22,500             |
| Stock issued for services   | 13,000                                  | 30,000             |
| <b>Changes in Assets &amp; Liabilities:</b>                                 |   |                    |
| (Increase) notes receivable   | (54,371)                                | (12,814)           |
| Decrease (Increase) accounts receivable                                     | 116,552                                 | (204,614)          |
| Decrease prepaid expenses   | 11,208                                  | 15,693             |
| (Increase) Decrease loans held for resale                                   | 5,550,543                               | (2,028,845)        |
| (Increase) deposits   | --                                      | (50)               |
| (Decrease) accounts payable   | (3,297)                                 | (72,406)           |
| Increase notes payable  | --                                      | 156,749            |
| Increase loans reserve  | 109,109                                 | 200,873            |
| (Decrease) Increase accrued expenses  | (25,912)                                | 66,555             |
| <b>Net Cash Provided by Operating Activities</b>                            | <b>5,933,023</b>                        | <b>(1,926,370)</b> |
| <b>Cash Flows from Financing Activities:</b>                                |   |                    |
| Issuance of Common Stocks   | --                                      | (100,000)          |
| Increase (decrease) in Warehouse line payable ..                            | (5,550,453)                             | 1,848,105          |
| <b>Net Cash Provided by Financing</b>                                       | <b>(5,550,453)</b>                      | <b>1,748,105</b>   |
| <b>Net Increase in Cash &amp; Cash Equivalents</b>                          | <b>382,570</b>                          | <b>(178,265)</b>   |
| <b>Cash &amp; Cash Equivalents at Beginning of Period</b>                   | <b>858,848</b>                          | <b>278,930</b>     |
| <b>Cash &amp; Cash Equivalents at End of Period</b>                         | <b>\$ 1,241,418</b>                     | <b>\$ 100,665</b>  |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW  
INFORMATION**

**Cash Paid During the Year for:**

|          |        |       |
|----------|--------|-------|
| Interest | 10,026 | 7,782 |
|----------|--------|-------|

|  | <b>Three-Months<br/>Ended March 31,</b> |           |
|--|---|-----------|
|  | <hr/>                                   |           |
| Income Taxes                                 | --                                      | --        |
| <br><b>NON-CASH TRANSACTIONS</b>             |   |           |
| Common stock issued in exchange for services | \$ 13,000                               | \$ 30,000 |

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

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**ENTRUST FINANCIAL SERVICES, INC.**

Notes to Financial Statements

March 31, 2002

(Unaudited)

**Note 1 Presentation of Interim Information:**

In the opinion of the management of Entrust Financial Services, Inc., the accompanying unaudited financial statements include all normal adjustments considered necessary to present fairly the financial position as of March 31, 2002 and the results of operations for the three-months ended March 31, 2002 and 2001, and cash flows for the three-months ended March 31, 2002 and 2001. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented as permitted by Form 10-QSB, and do not contain certain information included in the Company's audited financial statements and notes for the fiscal year ended December 31, 2001.

**Note 2 Intangible Assets:**

Intangible assets consists of the following at March 31, 2002

|                   | <b>Acquis.<br/>Cost</b> | <b>Accum.<br/>Amort.</b> | <b>Net</b>      | <b>Est. Useful<br/>Life</b> |
|-------------------|-------------------------|--------------------------|-----------------|-----------------------------|
|                   | <hr/>                   |                          |                 |                             |
| Client Contracts  | \$1,200,000             | \$175,000                | \$1,025,000     | 20 Years                    |
| State Approvals   | 400,000                 | 30,500                   | 369,500         | 40 Years                    |
| Technology Rights | 200,000                 | 57,000                   | 143,000         | 10 Years                    |
| <br>Total         | <br>\$1,800,000         | <br>\$262,500            | <br>\$1,537,500 |                             |

|                   | <b>Amortization<br/>Expense<br/>This Period</b> |
|-------------------|---|
|                   | <u>                    </u>                     |
| Client Contracts  | \$15,000  |
| State Approvals   | 2,500   |
| Technology Rights | 5,000   |
| <br>Total         | <br>\$22,500                                    |

Estimated aggregate amortization expense for each of the five succeeding fiscal years:

|      |           |
|------|-----------|
| 2002 | \$ 90,000 |
| 2003 | 90,000    |
| 2004 | 90,000    |
| 2005 | 90,000    |
| 2006 | 90,000    |

REPORT ON REVIEW BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTS

To the Board of Directors  
Entrust Financial Services, Inc.  
Denver, CO

We have reviewed the accompanying balance sheet of Entrust Financial Services, Inc. as of March 31, 2002 and the related statements of operations for the three-month period ended March 31, 2002 and 2001, and the cash flows for the three-months ended March 31, 2002 and 2001 included in the accompanying Securities and Exchange Commission Form 10-QSB for the period ended March 31, 2002. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accounts. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with accounting standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the balance sheet as of December 31, 2001, and the related statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein). In our report dated April 3, 2002, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying balance sheet as of March 31, 2002 is fairly stated in all material respects in relation to the balance sheet from which it has been derived.



/s/ Michael Johnson & Co., LLC  
Denver, CO  
May 10, 2002

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

Forward-Looking Statements

The following discussion contains forward-looking statements regarding us, our business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause our actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that may affect such forward-looking statements include, without limitation: our ability to successfully develop new products for new markets; the impact of competition on our revenues, changes in law or regulatory requirements that adversely affect or preclude customers from using our products for certain applications; delays in our introduction of new products or services; and failure by us to keep pace with emerging technologies.

When used in this discussion, words such as believes, anticipates, expects, intends and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business.

Results of Operations

The Company was profitable for the three months ended March 31, 2002. This marks our fourth straight quarter of profitability for us and shows substantial improvement over our performance in the first quarter of 2001. Also, our revenues are significantly higher compared to the same period in the previous year. The source of our profit comes from a continuing increase in loan origination fees and interest income and a slower growth of operating expenses. For the three months ended March 31, 2002, total revenues were \$2,855,724, compared to revenues of \$1,724,384 for the same period ended March 31, 2001. Total expenses for the three months ended March 31, 2002 were \$2,671,996, compared to expenses of \$1,861,489 for the same period ended March 31, 2001. The major components of operating expenses are loan origination costs, interest expenses, and general and administrative, which include independent contractor fees, office salaries and associated payroll costs, general and health insurance costs, rent and telephone expenses.

In the first quarter of 2002, Entrust Mortgage, Inc, our wholly owned subsidiary, funded a total of \$49,065,000 in loans as compared to \$28,091,000 in loans for the first fiscal quarter of 2001. Our dramatic growth trend is continuing as evidenced by April loan funded of \$19,136,000 as compared to \$14,097,000 for April 2001. This is an approximate 36% increase in loans funded over the comparable period in 2001 and gives us a robust start to the second quarter. The Company's earnings comes from: fees charged at closing, margins earned by selling loans into secondary markets for a premium, and the interest paid on a loan while the Company holds the loan for sale. The price secondary markets pay for loans is determined by many economic factors, but we lock our loan rates with our secondary markets to maintain a constant margin.

The Company's overhead cost as a percentage to sales reduces as loan volume increases. Certain fixed cost are the same regardless of the loan volume, so the more business the Company does, the lower percentage of volume these expenses are.

As a result, we had a net profit of \$183,728 for the three months ended March 31, 2002, compared to a net loss of \$137,105 for the same period ended March 31, 2001. The net profit per share for the three months ended March 31, 2002 on a fully diluted basis was \$0.08 per share, compared to a net loss on a fully diluted basis of \$0.07 per share for the same period ended March 31, 2001, as restated to give effect for the one-for-ten reverse split of our common shares.

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The Company believes that this increased level of profitability and increasing trend towards greater profits from mortgage operations will continue into the next quarter. The first quarter is historically the slowest quarter for our mortgage business. This is the first year since our formation that we have been able to post a profit in the first quarter. We anticipate a much greater level of earnings for the remaining three quarters as those have historically been our most profitable. April mortgage funded support that trend. Our principal focus will continue to be the mortgage banking business. The credit quality of the borrower is only one factor when determining loan approval. Good credit borrowers typically qualify for the highest loan to value mortgage programs, and the most preferential rates. When loaning to persons with more marginal credit, there are limitations on loan to value, and type of loan programs for which the borrower qualifies. The Company also incorporates risk based pricing, which means that the persons with more risk factors must pay a higher rate for the loan. The Company believes that these mitigations help it manage the risk when making loans.

The Company has various representations and warranties it makes to secondary market investors on loans sold into secondary markets. If a mortgage goes into early payment default (usually within 3 months) the Company is obligated to repurchase the loan. If it is determined that fraud has been committed on a loan application, the Company is also obligated to repurchase the loan. The Company usually sells the loan into an available loan market, typically at a discount. In some cases, the Company forecloses on the loan, and sells the property to recover its potential losses.

The repurchase of loans requires capital or credit to repurchase the loan until the resolution. The Company currently uses a repurchase line of credit to facilitate repurchases, but anticipates the need to expand these facilities.

Our new construction loan program for manufactured housing is scheduled to begin generating revenues in the second fiscal quarter of this year. Entrust Mortgage will be the exclusive marketer of this manufactured housing lending program. We are very optimistic about the prospects for this program, although it is still too early to predict what impact, if any, this program will have on our profitability in the second fiscal quarter.

During this year, we intend to make application for listing on a recognized U.S. stock exchange, such as the American Stock Exchange or NASDAQ.

#### Liquidity and Capital Resources

As of the end of the reporting period, we had cash or cash equivalents of \$1,241,418, compared to \$100,665 for the previous year.

Net cash provided by our operating activities was to \$5,933,023 for the three months ended March 31, 2002, compared to net cash used of \$1,926,370 for the three months ended March 31, 2001.

Cash flows provided from investing activities were \$-0- for the three months ended March 31, 2002, compared to zero for the three months ended March 31, 2001.

We generated cash flows from financing activities on our warehouse lines of credit for the three months ended March 31, 2002 of \$5,550,453, compared to raising \$1,848,105 for the three months ended March 31, 2001.

We exchanged common stock valued at \$13,000 for services for the three months ended March 31, 2002, compared to \$30,000 for the three months ended March 31, 2001.

Our cash and cash equivalents position is very healthy, compared to previous fiscal quarters. Of particular note is that we generated net cash from operations of over one million dollars for the fiscal quarter. We also have an excess of current assets over liabilities of approximately \$1.6million for the fiscal quarter ended March 31, 2002. While we are definitely in a much healthier financial position than we have ever been in our history, we must continue to look at ways to generate additional cash and cash equivalents to meet our expanding mortgage company requirements. We are looking at a private placement or increased warehouse lines to expand the funding of our mortgage company requirements.

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Short term capital has been sufficient to meet its current growth trends, but to continue to grow at its projected pace, the Company will need to increase its warehouse lines of credit and possibly seek equity investments to keep our debt to equity ratios in line with its warehousing lender s requirements. At the present time, the Company is in active discussions to increase its credit line, but no definitive agreements are in place.

Other than as disclosed herein, there are no plans, proposals, arrangements, or understandings with respect to the sale or issuance of additional securities by us.

We do not intend to pay dividends in the foreseeable future.

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### PART II-OTHER INFORMATION:

#### ITEM 1. Legal Proceedings.

We were a plaintiff in a lawsuit in the Colorado District Court for the City and County of Denver against Stephen B. Torres, J. Scott Oler, and Vision One Technologies, Inc. seeking damages and injunctive relief in connection with our acquisition of the assets of Vision One Technologies, Inc. We settled the case during the fiscal quarter.

We were a defendant in a lawsuit with PCMD, Dan and Diane King, pertaining to payment of equipment and services purported to be sold to Vision One, FNET, and Steven Torres. This suit was filed in the Colorado District Court for the City and County of Denver. We settled the case during the fiscal quarter.

Otherwise, no legal proceedings of a material nature to which we are a party were pending during the reporting period. We know of no legal proceedings of a material nature pending or threatened or judgments entered against any of our directors or officers in his capacity as such.

#### ITEM 2. Changes in Securities and Use of Proceeds. None.

#### ITEM 3. Defaults upon Senior Securities. None.

#### ITEM 4. Submission of Matters to a Vote of Security Holders.

On January 29, 2002, we held a special shareholders meeting to approve a one-for-ten reverse split of the common shares of our stock. No change in par value or the number of authorized shares was made. A total of 15,209,368 shares approved the one-for-ten reverse split and associated motions, with a total of 1,915,478 shares voting against and a total of 190,451 shares abstaining. The one-for-ten reverse split of our common shares became effective on February 4, 2002.

#### ITEM 5. Other Information. None.

#### ITEM 6. Exhibits and Reports on Form 8-K:

- (a) Exhibit 99.1 Certification of Chief Executive Officer, Scott J. Sax, pursuant to 18 USC Section 1350, as adopted pursuant to the Sarbanes-Oxley Act of 2002.
- (b) Exhibit 99.2 Certification of Chief Financial Officer, David Hite, pursuant to 18 USC Section 1350, as adopted pursuant to the Sarbanes-Oxley Act of 2002.

We filed one report on Form 8-K on February 5, 2002, which announced the one-for-ten reverse split of our common shares.

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**SIGNATURES**

In accordance with Section 13 or 15(d) 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.

ENTRUST FINANCIAL SERVICES, INC.

Dated: 02/11/03

By: /s/ Scott J. Sax  
Scott J. Sax  
Chief Executive Officer  
Director

Dated: 02/11/03

By: /s/ David A. Hite  
David A. Hite  
Chief Financial and Accounting Officer  
Director

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**CERTIFICATIONS**

I, Scott J. Sax, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Entrust Financial Services, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

Date: 2/11/03

By: /s/ Scott J. Sax  
Scott J. Sax,  
Chief Executive Officer

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**CERTIFICATIONS**

I, David A. Hite, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Entrust Financial Services, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report; and
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

Date: 2/11/03

By: /s/ David A. Hite  
David A. Hite,  
Chief Financial Officer