

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

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

FORM 10-QSB

Amendment No. 1

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

For the quarterly period ended June 30, 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 June 30, 2002 were 2,310,294 common shares.

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 Sheet
June 30, 2002
(Unaudited)

| | June 30, 2002 | December 31, 2001 |
|---|--------------------------|------------------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash | \$ 781,145 | \$ 858,848 |
| Accounts Receivable | 678,827 | 638,339 |
| Note Receivable | 876,609 | 645,769 |
| Total current assets | 2,336,581 | 2,142,956 |
| Fixed assets | | |
| Computers & Equipment | 504,503 | 221,652 |
| Furniture & Fixtures | 176,918 | 183,682 |
| Total fixed assets | 681,421 | 405,334 |
| Less accumulated depreciation | (243,105) | (196,808) |
| Net fixed assets | 438,316 | 208,526 |
| Other assets: | | |
| Prepaid Expenses | 41,176 | 59,564 |
| Marketable Security | 3,200 | 3,200 |
| Loans Held for Resale | 15,494,246 | 17,069,794 |
| Title Co. Advances | 285,067 | 330,247 |
| Intangible Assets | 1,515,000 | 1,560,000 |
| Deposit | 20,730 | 21,730 |
| Total other assets | 17,359,419 | 19,044,535 |
| TOTAL ASSETS | \$ 20,134,316 | \$ 21,396,017 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 89,382 | \$ 141,523 |
| Accrued Expenses | 359,523 | 354,990 |
| Notes Payable | 322,618 | 163,688 |
| Loan Reserve | 70,717 | 41,037 |
| Loan Repurchase | 616,488 | -- |

| | June 30, 2002 | December 31, 2001 |
|--|--------------------------|------------------------------|
| Debenture Payable | 162,100 | 162,100 |
| Total current liabilities | 1,620,828 | 863,338 |
| Other liabilities: | | |
| Warehouse Line Payable | 14,416,750 | 16,894,300 |
| Total other liabilities | 14,416,750 | 16,894,300 |
| Stockholder's equity: | | |
| Preferred stock, \$.0000001 Par Value 1,000,000 Shares Authorized. None Issued | -- | -- |
| Common stock, \$.0000001 Par Value 50,000,000 Shares Authorized, 2,310,294 are issued and outstanding for 2002 and 2,273,622 were issued and outstanding for 2001 | 1 | 1 |
| Additional Paid-In Cash | 7,323,988 | 7,213,915 |
| Retained Earnings (Deficit) | (3,069,201) | (3,494,487) |
| Deferred Compensation | (158,050) | (81,050) |
| Total Stockholders' Equity | 4,096,738 | 3,638,379 |
| TOTAL LIABILITIES & STOCKHOLDER'S EQUITY: | \$ 20,134,316 | \$ 21,396,017 |

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

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

| | Three-Months June 30, | | Six-Months June 30, | |
|-----------------------|----------------------------------|-------------|--------------------------------|-------------|
| | 2002 | 2001 | 2002 | 2001 |
| REVENUE: | | | | |
| Loan Origination Fees | \$2,684,141 | \$2,115,953 | \$5,165,609 | \$3,543,431 |

| | Three-Months | | Six-Months | |
|--|---------------------|-------------------|-------------------|-------------------|
| | June 30, | | June 30, | |
| Interest Income | 337,933 | 249,242 | 712,110 | 421,243 |
| Miscellaneous Income | 222 | 21,749 | 301 | 146,654 |
| Total Revenue | 3,022,296 | 2,386,944 | 5,878,020 | 4,111,328 |
| OPERATING EXPENSES: | | | | |
| Loan Origination Costs | 2,127,994 | 1,462,268 | 4,256,499 | 3,034,338 |
| Interest Expense | 268,998 | 140,421 | 514,323 | 274,802 |
| General & Administrative | 378,746 | 511,177 | 681,912 | 666,235 |
| Total Operating Expenses | 2,775,738 | 2,113,866 | 5,452,734 | 3,975,375 |
| NET PROFIT | \$ 246,558 | \$ 273,078 | \$ 425,286 | \$ 135,953 |
| | | | | |
| BASIC EARNINGS PER SHARE | | | \$ 0.19 | \$ 0.07 |
| | | | | |
| DILUTED EARNINGS PER SHARE | | | \$ 0.18 | \$ 0.07 |
| | | | | |
| BASIC WEIGHTED AVERAGE SHARES OUTSTANDING | | | 2,283,622 | 2,040,493 |
| | | | | |
| DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING | | | 2,366,122 | 2,040,493 |

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

ENTRUST FINANCIAL SERVICES, INC.
STOCKHOLDER'S EQUITY (DEFICIT)
June 30, 2002
(Unaudited)

COMMON
STOCKS

| Shares | Amount | Additional | Retained | Deferred | Total |
|--------|--------|------------|----------|--------------|---------------|
| ————— | ————— | Paid-in | Earnings | Compensation | Stockholder's |

| | COMMON STOCKS | | Capital | (Deficit) | | Equity |
|---|--------------------------|-----|-------------|---------------|-------------|--------------|
| | | | | | | |
| Balance December 31, 1999 | 1,366,200 | 1 | 3,969,259 | (1,391,656) | -- | 2,577,604 |
| Issuance of stock for services 6/00 | 74,500 | -- | 126,650 | -- | -- | 126,650 |
| Issuance of stock for cash 6/00 | 109,166 | -- | 700,000 | -- | -- | 700,000 |
| Issuance of stock for repayment of Debenture 10/00 .. | 285,626 | -- | 500,000 | -- | -- | 500,000 |
| Issuance of stock for acquisition 12/00 | 150,000 | -- | 1,400,000 | -- | -- | 1,400,000 |
| Net loss for the year | -- | -- | -- | (2,733,739) | -- | (2,733,739) |
| Balance December 31, 2000 | 1,985,492 | 1 | 6,695,909 | (4,125,395) | -- | 2,570,515 |
| Issuance of stock for cash 3/01 | 50,000 | -- | 100,000 | -- | -- | 100,000 |
| Issuance of stock for services 3/10 | 30,000 | -- | 30,000 | -- | -- | 30,000 |
| Issuance of stock for cash 4/01 | 64,596 | -- | 70,424 | -- | -- | 70,424 |
| Issuance of stock for services 5/01 | 138,534 | -- | 107,219 | -- | -- | 107,219 |
| Issuance of stock 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, 2001 | 2,273,622 | 1 | 7,213,915 | (3,494,487) | (81,050) | 3,638,739 |
| Issuance of stock for services 2/02 | 10,000 | -- | 13,000 | -- | -- | 13,000 |
| Issuance of stock for services 4/02 | 8,882 | -- | 5,329 | -- | -- | 5,329 |
| Issuance of stock for services 6/02 | 17,790 | -- | 14,744 | -- | -- | 14,744 |
| Warrants Granted | -- | -- | 77,000 | -- | (77,000) | -- |
| Net profit for the period | -- | -- | -- | 425,286 | -- | 425,286 |
| Balance June 30, 2002 | 2,310,294 | \$1 | \$7,323,988 | \$(3,069,201) | \$(158,050) | \$ 4,096,738 |

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

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

| | Six-Months | |
|---|-------------------|--------------------|
| | June 30, | |
| | 2002 | 2001 |
| Cash Flows from Operating Activities: | | |
| Net Income | \$ 425,286 | \$ 135,953 |
| Adjustments to reconcile net loss to net cash used for operating activities | | |
| Depreciation | 46,297 | 113,672 |
| Amortization of Intangible Assets | 45,000 | 45,000 |
| Stock issued for services | 33,073 | 129,329 |
| Compensation expense related to options | 77,000 | -- |
| Changes in Assets & Liabilities: | | |
| (Increase) notes receivable | (230,840) | (12,814) |
| (Increase) accounts receivable | (40,488) | (742,877) |
| Decrease prepaid expenses | 18,388 | 594 |
| (Increase) Decrease loans held for resale | 1,575,548 | (5,582,466) |
| Decrease marketable securities | -- | 148,000 |
| (Increase) Decrease title co. advances | 45,180 | (37,198) |
| (Increase) Decrease deposits | 1,000 | (100) |
| (Decrease) accounts payable | (52,141) | (99,526) |
| Increase notes payable | 81,930 | 152,212 |
| Increase loan reserve | 29,680 | -- |
| Increase loan repurchase | 616,488 | -- |
| Increase (Decrease) accrued expenses | 4,533 | 68,216 |
| Net Cash Provided by Operating Activities | 2,675,934 | (5,682,005) |
| Cash Flows Used for Investing Activities: | | |
| Capital Expenditures | (276,087) | (15,584) |
| Net Cash Used for Investing Activities | (276,087) | (15,584) |
| Cash Flows from Financing Activities: | | |
| Increase in Warehouse line Payable | (2,477,550) | 5,885,093 |

| | Six-Months June 30, | |
|---|--------------------------------|------------|
| | <hr/> | |
| Debenture Payable | -- | 162,100 |
| Issuance of Common Stocks | -- | 230,314 |
| Net Cash Provided by Financing | (2,477,550) | 6,277,507 |
| Net Increase in Cash & Cash Equivalents | (77,703) | 579,918 |
| Cash & Cash Equivalents at Beginning of Period | 858,848 | 278,930 |
| Cash & Cash Equivalents at End of Period | \$ 781,145 | \$ 858,848 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash Paid During the Year for: | | |
| Interest | \$ 23,593 | \$ 26,977 |
| Income Taxes | \$ -- | \$ -- |
| NON-CASH TRANSACTIONS | | |
| Common stock issued in exchange for services | \$ 33,073 | \$ 129,329 |
| Warrants granted for services | \$ 77,000 | \$ -- |

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

ENTRUST FINANCIAL SERVICES, INC.

Notes to Financial Statements

June 30, 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 June 30, 2002 and the results of operations for the three and six-months ended June 30, 2002 and 2001, and cash flows for the six-months ended June 30, 2002 and 2001. Interim results are not necessarily indicative of results for a full year.

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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 Equity Incentive Plan:

Five employees have been selected by Entrust Financial Services, Inc. to receive a stock option to purchase shares of the Company's Common Stock under the Company's Equity Incentive Plan. The grant date was March 15, 2002 and has an expiration date of March 15, 2007.

Note 3 Intangible Assets:

Intangible assets consist of the following at June 30, 2002:

| | Acquis. Cost | Accum. Amort. | Net | Est. Useful Life |
|-------------------|-------------------------|--------------------------|-------------|-----------------------------|
| Client Contracts | \$1,200,000 | \$190,000 | \$1,010,000 | 20 Years |
| State Approvals | 400,000 | 33,000 | 367,000 | 40 Years |
| Technology Rights | 200,000 | 62,000 | 138,000 | 10 Years |
| Total | \$1,800,000 | \$285,000 | \$1,515,000 | |

ENTRUST FINANCIAL SERVICES, INC.
Notes to Financial Statements
June 30, 2002
(Unaudited)

Note 3 Intangible Assets (Cont):

| | Amortization Expense This Period |
|-------------------|---|
| Client Contracts | \$15,000 |
| State Approvals | 2,500 |
| Technology Rights | 5,000 |
| Total | \$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 ACCOUNTANTS

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

We have reviewed the accompanying balance sheet of Entrust Financial Services, Inc. as of June 30, 2002 and the related statements of operations for the three and six-month periods ended June 30, 2002 and 2001, and the cash flows for the six-months ended June 30, 2002 and 2001 included in the accompanying Securities and Exchange Commission Form 10-QSB for the period ended June 30, 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 Accountants. 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 accounting principles generally accepted in the United States.

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 June 30, 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
August 13, 2002

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 six months ended June 30, 2002. This marks our fifth straight quarter of profitability. Revenues were also significantly higher for the same three months and six months ended June 30, 2002 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 from increased funding volume. For the three months ended June 30, 2002, total revenues were \$3,022,296 compared to revenues of \$2,386,944 for the same period ended June 30, 2001. For the six months ended June 30, 2002, total revenues were \$5,878,020 compared to revenues of \$4,111,328 for the six months ended June 30, 2001. Operating expenses for the three months ended June 30, 2002 were \$2,775,738 compared to \$2,113,866 for the three months ended June 30, 2001. Operating expenses for the six months ended June 30, 2002 were \$5,452,734 compared to operating expenses of \$3,975,375 for the same period ended June 30, 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. We showed a difference in loan origination costs as compared to loan origination fees in 2002 compared to 2001. This involved two areas. First, payroll declined as a result of the Company's funding. Payroll did not increase prorata to funding as most management and administrative payroll expenses remained constant and operational payroll only increased fractionally with increased funding. Sales staff payroll expense represents the major increase in payroll with increased funding. Interest expense declined as a result of a reduced interest rate charged by the warehouse bank in 2001.

In the first six months of 2002, Entrust Mortgage, Inc, our wholly owned subsidiary, funded a total of \$106,108,000 in loans as compared to \$72,150,000 in loans for the same period ended June 30, 2001. This is an approximate 47% increase in loans funded over the comparable period in 2001. We fund non-conforming mortgages using our warehouse lines of credit to fund loan closings in order to sell the mortgages in the secondary market for a profit. We also earn fees paid by the borrower on mortgages we fund, and interest on the loans held for sale. The price secondary markets pay for Entrust loans is determined by many economic factors. We make every effort to lock our loan rates with our secondary markets to maintain a constant margin on our mortgage loans sold. We also earn an overall positive spread on interest rates while our loans are held for sale. Certain fixed costs are the same regardless of the loan volume, so the more business the Company transacts, the lower percentage of volume these expenses are.

As a result, we had a net profit of \$425,286 for the six months ended June 30, 2002, compared to a net profit of \$135,953 for the same period ended June 30, 2001. The net profit per share for the six months ended June 30, 2002 on a fully diluted basis was \$0.18 per share, compared to a net profit on a fully diluted basis of \$0.07 per share for the same period ended June 30, 2001, as restated to give effect for the one-for-ten reverse split of our common shares.

The Company believes that this increased level of profitability and increasing trend towards greater profits from mortgage operations will continue into the next quarter. We anticipate a greater level of earnings for the remaining two quarters as those have historically been our most

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profitable. 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 alternative loan market, typically at a discount. In some cases, the Company forecloses on the loan, and sells the property to recover its capital and mitigate 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 began generating revenues in the second quarter of this year. Entrust Mortgage is 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 the impact, if any, this program will have on our future profitability.

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 \$781,145 compared to \$858,848 for the previous year.

Net cash provided by our operating activities was \$2,675,934 for the six months ended June 30, 2002, compared to net cash used of \$5,682,005 for the six months ended June 30, 2001.

Cash flows used for investing activities were \$(276,087) for the six months ended June 30, 2002, compared to \$(15,584) the six months ended June 30, 2001.

Cash flows used for financing activities for the six months ended June 30, 2002 were \$2,477,550, compared to cash flows provided of \$6,277,507 the six months ended June 30, 2001.

We exchanged common stock valued at \$33,073 for services for the six months ended June 30, 2002, compared to \$129,329 for the six months ended June 30, 2001.

Our cash and cash equivalents position is healthy. Of particular note is that we generated net income from operations of approximately \$425,000 for the first six months of the year. While we are definitely in a much healthier financial position than we were last year, at this time, we continue to look at ways to generate additional cash and cash equivalents to meet our expanding mortgage company requirements. Short term capital has been sufficient to meet our 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 ours warehousing lender's requirements. We increased our warehouse credit lines to a combined total of \$25,000,000 in the second quarter.

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.

PART II-OTHER INFORMATION:

ITEM 1. Legal Proceedings.

Our subsidiary, Entrust Mortgage, is a plaintiff in a lawsuit in Colorado District Court for the City and County of Denver against Aurora Loan Services pertaining to defaults on loans from two borrowers which were subsequently sold by Entrust Mortgage to Aurora Loan Services. Entrust Mortgage is vigorously pursuing the claims.

There are 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. None

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.

No reports on Form 8-K were filed as of the most recent fiscal quarter.

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

President

Dated: 02/11/03

Officer

By: /s/ Scott J. Sax

Scott J. Sax, Chief Executive Officer and

By: /s/ David A. Hite

David A. Hite, Chief Financial and Accounting

CERTIFICATIONS

I, Scott J. Sax, certify that:

1. I have reviewed this amended quarterly report on Form 10-QSB of Entrust Financial Services, Inc.;
2. Based on my knowledge, this amended 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 amended quarterly report; and
3. Based on my knowledge, the financial statements, and other financial information included in this amended 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 amended quarterly report.

Date: 2/11/03

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

CERTIFICATIONS

I, David A. Hite, certify that:

1. I have reviewed this amended quarterly report on Form 10-QSB of Entrust Financial Services, Inc.;
2. Based on my knowledge, this amended 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 amended quarterly report; and
3. Based on my knowledge, the financial statements, and other financial information included in this amended 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 amended quarterly report.

Date: 2/11/03

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

