

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

ENVIRO VORAXIAL TECHNOLOGY INC  
Form 10-Q/A  
October 06, 2008

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

Amendment No. 1 to

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE EXCHANGE ACT

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

Commission File Number: 0-27445

Enviro Voraxial Technology, Inc.  
-----

(Exact name of Small Business Issuer as specified in its Charter)

IDAHO  
-----

82-0266517  
-----

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

821 NW 57th Place, Fort Lauderdale, Florida 33309  
-----

(Address of principal executive offices)

(954) 958-9968  
-----

(Issuer's telephone number)

-----  
(Former Name, former address and former fiscal year, if changed since last Report.)

Check mark 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 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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company)  
Smaller reporting company

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

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: March 31, 2008, we had 23,549,801 shares of our Common Stock outstanding.

INDEX

PART I. CONSOLIDATED CONDENSED FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.....  
Condensed Consolidated Balance Sheet.....  
Condensed Consolidated Statements of Operations.....  
Condensed Consolidated Statements of Cash Flows .....  
Notes to Condensed Consolidated Financial Statements.....  
Item 2. Management's Discussion and Analysis and Plan of  
Operation.....  
Item 3. Quantitative and Qualitative Disclosures About Market Risk.....  
Item 4T. Controls and Procedures.....

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.....  
Item 1A. Risk Factors.....  
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.....  
Item 3. Defaults Upon Senior Securities.....  
Item 4. Submission of Matters to a Vote of Security Holders.....  
Item 5. Other Information.....  
Item 6. Exhibits.....  
Signatures .....

PART I: CONSOLIDATED FINANCIAL INFORMATION

Item 1. Financial Statements.

ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

	March 31, 2008
	-----
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 201,875
Accounts receivable, net	3,500
Inventory, net	295,267
	-----
Total current assets	500,642
FIXED ASSETS, NET	220,580
OTHER ASSETS	13,695
	-----
Total assets	\$ 734,917
	=====
LIABILITIES AND SHAREHOLDERS' DEFICIENCY	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 789,024
Current portion of note payable	30,836
	-----
Total current liabilities	819,860
LONG TERM NOTE PAYABLE	130,868
	-----
Total liabilities	950,728
	-----
COMMITMENTS AND CONTINGENCIES	
SHAREHOLDERS' DEFICIENCY:	
Common stock, \$.001 par value, 42,750,000 shares authorized 23,549,801 and	

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

23,122,135 shares issued and outstanding as of March 31, 2008 and December 31, 2007	23,538
Additional paid-in capital	8,770,441
Accumulated deficit	(9,009,790)
	-----
Total shareholders' deficiency	(215,811)
	-----
Total liabilities and shareholders' deficiency	\$ 734,917
	=====

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

3

ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2008	2007 (as restated)
	-----	-----
Revenues, net	\$ 3,500	\$ 53,631
Cost of goods sold	--	11,686
	-----	-----
Gross profit	3,500	41,945
Costs and operating expenses:		
Research and development	198,975	82,595
General and administrative	176,998	1,086,494
	-----	-----
Total costs and operating expenses	375,973	1,169,089
	-----	-----
Loss from operations	(372,473)	(1,127,144)
Provision for income taxes	--	--
	-----	-----
NET LOSS	\$ (372,473)	\$ (1,127,144)
	=====	=====
Weighted average number of common shares outstanding-basic & diluted	21,267,509	21,125,568
	=====	=====
Basic and diluted loss per common share	\$ (0.02)	\$ (0.05)
	=====	=====

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

4

ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended 2008	2007 (as res)
	-----	-----
Cash Flows From Operating Activities:		
Net loss	\$ (372,473)	\$ (1,000,000)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	5,662	
Common stock issued for services	--	
Amortization of deferred compensation	--	
Deferred compensation	--	
Issuance of common stock consulting services	--	
Extension of stock options issued	--	
Changes in assets and liabilities:		
Accounts receivable	(3,500)	
Inventory	--	
Accounts payable and accrued expenses	132,204	
	-----	-----
Net cash used in operating activities	(238,107)	(1,000,000)
	-----	-----
Cash Flows From Investing Activities:		
Purchase of equipment	--	
	-----	-----
Net cash used by investing activities	--	
	-----	-----
Cash Flows From Financing Activities:		

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Repayments toward notes payable	(11,085)	
Proceeds from sales of common stock	250,001	
	-----	-----
Net cash provided by financing activities	238,916	
	-----	-----
Net increase (decrease) in cash and cash equivalents	809	(
Cash and cash equivalents, beginning of period	201,066	
	-----	-----
Cash and cash equivalents, end of period	\$ 201,875	\$
	=====	=====

Supplemental Disclosures

Cash paid during the year for interest	\$ --	\$
	=====	=====
Cash paid during the year for taxes	\$ --	\$
	=====	=====
Common stock options issued for accrued salaries	\$ --	\$
	=====	=====
Common stock issued for consulting services	\$ --	\$
	=====	=====
Common stock issued for consulting services and deferred compensation	\$ --	\$
	=====	=====
Extension of stock options	\$ --	\$
	=====	=====

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

5

ENVIRO VORAXIAL TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008

NOTE A - ORGANIZATION AND OPERATIONS

Organization

-----

Enviro Voraxial Technology, Inc. (the "Company") is a provider of environmental and industrial separation technology. The Company has developed and patented the Voraxial(R) Separator, which is a technology that efficiently separates liquid/liquid, liquid/solid or liquid/liquid/solid fluid streams with distinct specific gravities. Potential commercial applications and markets include oil exploration and production, oil refineries, mining, manufacturing and municipal wastewater industry. The Company currently operates within one segment, which is the manufacture and sale of the Voraxial(R) Separator.

Florida Precision Aerospace, Inc. (FPA) is the wholly-owned subsidiary of the Company and is used to manufacture, assemble and test the Voraxial Separator.

NOTE B - GOING CONCERN

The Company has experienced net losses, has negative cash flows from operating activities, and has to raise capital to sustain operations. There is no assurance that the Company's developmental and marketing efforts will be

## Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

successful, that the Company will ever have commercially accepted products, or that the Company will achieve a level of revenue sufficient to provide cash inflows to sustain operations. The Company will continue to require the infusion of capital until operations become profitable. During 2008, the Company anticipates seeking additional capital, increasing sales of the Voraxial(R) Separator and continuing to restrict expenditures. As a result of the above, the accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Interim Financial Statements

-----

The interim financial statements presented herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The interim financial statements should be read in conjunction with the Company's annual financial statements, notes and accounting policies included in the Company's annual report on Form 10-KSB for the year ended December 31, 2007 as filed with the SEC. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of financial position as of March 31, 2008 and the related operating results and cash flows for the interim period presented have been made. The results of operations, for the period presented are not necessarily indicative of the results to be expected for the year.

6

### ENVIRO VORAXIAL TECHNOLOGY, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2008

#### Principles of Consolidation

-----

The consolidated financial statements include the accounts of the parent company, Enviro Voraxial Technology, Inc., and its wholly-owned subsidiary, Florida Precision Aerospace, Inc. All significant intercompany accounts and transactions have been eliminated.

#### Estimates

-----

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ.

#### Revenue Recognition

-----

The Company derives its revenue from the sale and short-term rental of the Voraxial (R) Separator. The Company presents revenue in accordance with Staff Accounting Bulletin (SAB) No. 104 "Revenue Recognition in Financial Statements". Under SAB 104, revenue is realized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured.

## Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Revenues that are generated from sales of equipment are typically recognized upon shipment. Our standard agreements generally do not include customer acceptance or post shipment installation provisions. However, if such provisions have been included or there is an uncertainty about customer acceptance, revenue is deferred until we have evidence of customer acceptance and all terms of the agreement have been complied with. There were no agreements with such provisions as of March 31, 2008.

The Company recognizes revenue from the short term rental of equipment, ratably over the life of the agreement, which is usually three to six months.

### Fair Value of Instruments

-----

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, inventory, accounts payable and accrued expenses at March 31, 2008, approximate their fair value because of their relatively short-term nature.

### Cash and Cash Equivalents

-----

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The Company maintains its cash balances with various financial institutions. Balances at these institutions may at times exceed the Federal Deposit Insurance Corporate limits.

7

ENVIRO VORAXIAL TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008

### Inventory

-----

Inventory consists of components for the Voraxial(R) Separator and is priced at lower of first-in, first-out cost or market. Inventory includes units being rented on a short term basis and components held by third parties in connection with pilot programs as part of the continuing evaluation by such third parties as to the effectiveness and usefulness of the service to be incorporated into their respective operations.

### Fixed Assets

-----

Fixed assets are stated at cost less accumulated depreciation. The cost of maintenance and repairs is expensed to operations as incurred. Depreciation is computed by the straight-line method over the estimated economic useful life of the assets (5-10 years). Gains and losses recognized from the sales or disposal of assets is the difference between the sales price and the recorded cost less accumulated depreciation less costs of disposal.

### Net Loss Per Share

-----

Basic and diluted loss per share has been computed by dividing the net loss available to common stockholders by the weighted average number of common shares outstanding. The warrants and stock options have been excluded from the calculation since they would be anti-dilutive.

Such equity instruments may have a dilutive effect in the future and include the following potential common shares:

Warrants

5,589,367



## Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Stock options	6,335,666
	-----
	11,925,033
	=====

### Income Taxes

-----

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

### Research and Development Expenses

-----

Research and development costs, which consist of travel expenses, consulting fees, subcontractors and salaries are expensed as incurred.

### Advertising Costs

-----

Advertising costs are expensed as incurred and are included in general and administrative expenses.

8

## ENVIRO VORAXIAL TECHNOLOGY, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2008

### Stock-Based Compensation

-----

The company adopted SFAS No. 123(R) effective January 1, 2006. This statement requires compensation expense relating to share-based payments to be recognized in net income using a fair-value measurement method. Under the fair value method, the estimated fair value of awards is charged to income on a straight-line basis over the requisite service period, which is generally the vesting period. The company elected the modified prospective method as prescribed in SFAS No. 123 (R) and therefore, prior periods were not restated. Under the modified prospective method, this statement was applied to new awards granted after the time of adoption, as well as to the unvested portion of previously granted equity-based awards for which the requisite service has not been rendered as of January 1, 2006.

Prior to January 1, 2006, the Company accounted for stock-based employee compensation under Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," which was released in December 2002 as an amendment of SFAS No. 123. The Company currently accounts for stock-based compensation under the fair value method using the Black-Scholes option pricing model as indicated in Note G.

### Accounting for the Impairment of Long-Lived Assets

-----

The long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. It is reasonably possible that these assets could become impaired as a result of technology or other industry changes. Determination of recoverability of assets to be held and used is by comparing the carrying amount of an asset to future net undiscounted cash flows to be

## Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no impairments of long-lived assets in 2008 or 2007.

Recent accounting pronouncements  
-----

Disclosure about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued SFAS No. 161, "Disclosure about Derivative Instruments and Hedging Activities," an amendment of FASB Statement No. 133, (SFAS 161). This statement requires that objectives for using derivative instruments be disclosed in terms of underlying risk and accounting designation. The Company is required to adopt SFAS 161 on January 1, 2009. The Company is currently evaluating the potential impact of SFAS No. 161 on the Company's consolidated financial statements.

9

### ENVIRO VORAXIAL TECHNOLOGY, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2008

Determination of the Useful Life of Intangible Assets  
-----

In April 2008, the FASB issued FSP FAS 142-3, "Determination of the Useful Life of Intangible Assets," which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of intangible assets under FASB 142 "Goodwill and Other Intangible Assets". The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of the expected cash flows used to measure the fair value of the asset under FASB 141 (revised 2007) "Business Combinations" and other U.S. generally accepted accounting principles. The Company is currently evaluating the potential impact of FSP FAS 142-3 on its consolidated financial statements.

NOTE D - CONCENTRATION OF CREDIT RISK

One customer accounted for approximately 100% and 63% of revenue for three months ended March 31, 2008 and 2007. As of March 31, 2008 and 2007, there was \$3,500 and \$0 in outstanding receivables from this customer.

NOTE E - RELATED PARTY TRANSACTIONS

For the three months ended March 31, 2008, the Company incurred consulting expenses from the chief executive officer and majority stockholder of the Company of \$78,860. Of these amounts, \$28,485 has been paid out for the three months ended March 31, 2008. The unpaid balance has been included in accrued expenses.

NOTE F - CAPITAL TRANSACTIONS

Common stock  
-----

During the three months ended March 31, 2008 the Company sold 416,666 shares of restricted common stock for \$.60 per share in a private placement offering. Total proceeds from the sale were \$250,000. The shares contain legends restricting their transferability absent registration or applicable exemption.

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Warrants

-----

In January 2008, the Company extended the exercisable life of certain warrants issued to investors to purchase an aggregate of 243,200 shares of common stock issued in 2000 for a period of one year. The warrants now expire in February 2009. The purchase price of these warrants ranges from \$6.00 - \$9.00 per share. The Company calculated the fair value of the extended warrants by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 55%; risk-free interest rate of 5% and an expected life of five years. No increase in fair value was noted and, therefore, no adjustment has been made to the financial statements as of March 31, 2008.

10

ENVIRO VORAXIAL TECHNOLOGY, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 MARCH 31, 2008

In January 2008, the Company extended the exercisable life of certain warrants issued to investors to purchase an aggregate of 200,000 shares of common stock issued in 2001 for a period of one year. The warrants now expire in April 2009. The purchase price of the stock under these warrants ranges from \$3.00-\$4.00 per share. The Company calculated the fair value of the extended warrants by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 55%; risk-free interest rate of 5% and an expected life of five years. No increase in fair value was noted and, therefore, no adjustment has been made to the financial statements as of March 31, 2008.

Information with respect to warrants outstanding and exercisable at March 31, 2008 is as follows:

	Number Outstanding	Range of Exercise Price	Ex
Balance, December 31, 2006	5,589,367	\$0.75 - \$9.00	
Issued	-		
Balance, March 31, 2008	5,589,367	\$0.75-\$9.00	

Information with respect to employee stock options outstanding and employee stock options exercisable at March 31, 2008 is as follows:

	Options Outstanding	Vested Shares	Exercise Price Per Common Share
Balance, December 31, 2006	3,729,666	3,709,666	\$0.15-\$1.00

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Granted/vested during the year ended December 31, 2007	2,981,000	2,981,000	\$0.40
Expired during 2007	(375,000)	(375,000)	(\$.80-\$1.00)
Balance, March 31, 2008	6,335,666	6,315,666	\$0.15-\$1.00

11

ENVIRO VORAXIAL TECHNOLOGY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2008

The following table summarizes information about the stock options outstanding at March 31, 2008:

Exercise Price	Number Outstanding at March 31, 2008	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at March 31, 2008
0.30	45,000	3.25	0.30	45,000
0.77	200,000	4.25	0.77	200,000
0.15	2,000,000	4.25	0.15	2,000,000
1.00	10,000	.08	1.00	10,000
0.60	697,333	1.25	0.60	697,333
1.00	697,333	1.25	1.00	697,333
1.00	50,000	3.00	1.00	50,000
0.71	30,000	.25	0.71	30,000
0.40	2,606,000	4.25	0.40	2,981,000
	6,335,666			6,335,666

NOTE G - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

The Company has amended its interim financials for the quarter ended March 31, 2007 to reflect certain adjustments for options issued as repayment for accrued salaries and the extension of previously issued options.

12

ENVIRO VORAXIAL TECHNOLOGY, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 MARCH 31, 2008

NOTE G - RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (CONTINUED)

The following table reflects the effects of the restatements.

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
-----		
Common Stock		
As previously reported	-	
As restated	-	
Difference	-	
-----		
APIC		
As previously reported	-	7,1
As restated	-	7,9
Difference	-	7
-----		
Deferred Compensation		
As previously reported	-	
As restated	-	
Difference	-	
-----		

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Accumulated Deficit		
As previously reported	-	(7,0
As restated	-	(7,8
Difference	-	(7
General and administrative expense		
As previously reported	-	3
As restated	-	1,0
Difference	-	7
Loss from operations before provision for income taxes		
As previously reported	-	(3
As restated	-	(1,1
Difference	-	(7
Net Income (Loss)		
As previously reported	-	(3
As restated	-	(1,1
Difference	-	(7
Earnings per Share- Basic		
As previously reported	-	
As restated	-	
Difference	-	

Management's Discussion and Analysis of Financial Condition and Plan of Operations

General

Forward-Looking Statements  
-----

The following discussion of the financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes thereto. The following discussion contains forward-looking statements. Enviro Voraxial Technology, Inc. is referred to herein as "the Company", "we" or "our." The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions are intended to identify "forward-looking statements". Such statements include those concerning our expected financial performance, our corporate strategy and operational plans. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of risks and uncertainties. Statements made herein are as of the date of the filing of this Form 10-Q with the Securities and Exchange Commission and should not be relied upon as of any subsequent date. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim any obligation, to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

## Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

### Application of Critical Accounting Policies

-----

The Company's consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Certain accounting policies have a significant impact on amounts reported in the financial statements. A summary of these significant accounting policies can be found in Note B to the Company's financial statements in the Company's 2007 Annual Report on Form 10-KSB. The Company has not adopted any significant new policies during the quarter ended March 31, 2008.

Among the significant judgments made in preparation of the Company's financial statements are the determination of the allowance for doubtful accounts and adjustments of inventory valuations. These adjustments are made each quarter in the ordinary course of accounting.

Results of Operations for the Three Months ended March 31, 2008 and 2007:

#### Revenue

-----

Our revenues were \$3,500 for the three months ended March 31, 2008 as compared to \$53,631 for the three months ended March 31, 2007. The Company is currently working on numerous opportunities with customers for slop-oil treatment, produced water and refinery applications; however sales to these customers have yet to materialize. The Company continues to focus on its sales and marketing program for the Voraxial(R) Separator and management believes such efforts will result in increasing revenues in 2008.

14

#### Cost of Goods Sold

-----

Our cost of goods sold decreased to zero for the three months ended March 31, 2008 as compared to \$11,686 for the three months ended March 31, 2007, a decrease of \$11,686, which is a directly related to the decrease in revenues reflected above.

#### Research and Development Expenses

-----

Research and Development expenses increased by approximately 141% to \$198,975 for the three months ended March 31, 2008, as compared to \$82,595 for the previous three months ended March 31, 2007. Although the Company has finalized the development of the Voraxial(R) Separator, we targeted expenditures for specific applications for the technology within the oil industry during the three months ended March 31, 2008.

#### General and Administrative Expenses

-----

General and Administrative expenses decreased approximately 84% to \$176,998 for the three months ended March 31, 2008 from \$1,086,494 for the three months ended March 31, 2007. The decrease was primarily due to a non-cash expenses relating to the issuance of options to employees and consultants in 2007. We continue to focus our efforts on marketing of the Voraxial(R) Separator.

#### Liquidity and Capital Resources:

-----



## Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Cash at March 31, 2008 was \$201,875. Working capital deficit at March 31, 2008 was \$319,218 as compared to a working capital deficit at December 31, 2007 of approximately \$191,322.

At March 31, 2008 the Company had an accumulated deficit of \$9,009,790. We anticipate generating positive cash flow from the Voraxial(R) Separator by the end of 2008. To the extent such revenues and corresponding cash flows do not materialize, we will require infusion of capital to sustain our operations. We cannot be assured that we will generate revenues or that the level of any future revenues will be self-sustaining.

The Company has funded working capital requirements and intends to fund current working capital requirements through third party financing, including the private placement of securities. We cannot provide any assurances that required capital will be obtained or that terms of such required capital may be acceptable to us. If the Company is unable to obtain adequate financing, it may reduce its operating activities until sufficient funding is secured or revenues are generated to support operating activities.

### Continuing Losses

-----

We may be unable to continue as a going concern, given our limited operations and revenues and our significant losses to date. Since 2001, we have encountered greater expenses in the development of our Voraxial(R) Separators and have had limited sales income from this development. Consequently, our working capital may not be sufficient and our operating costs may exceed those experienced in our prior years. In light of these recent developments, we may be unable to

15

continue as a going concern. The Company has experienced net losses, has a working capital deficit and sustained cash outflows from operating activities and had to raise capital to sustain operations. There is no assurance that the Company's developmental and marketing efforts will be successful, that the Company will ever have commercially accepted products, or that the Company will achieve significant revenues. However, we believe that the exposure received in the past year for the Voraxial Separator has positioned the Company to begin generating sales and supply us with sufficient working capital.

As a result of the above, the accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable to smaller reporting company.

### Item 4T. Controls and Procedures

#### Evaluation of disclosure controls and procedures

-----

As of the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). This evaluation was done under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer. Based upon that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures are effective in gathering, analyzing and disclosing information needed to satisfy our disclosure obligations under the

## Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Exchange Act.

Changes in internal controls  
-----

There were no changes in our internal controls or in other factor during the period covered by this report that have materially affected, or is likely to materially affect the Company's internal controls over financial reporting.

16

### PART II: OTHER INFORMATION -----

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

None.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three month period ended March 31, 2008, the Company received \$250,000 from an institution that purchased an aggregate of 416,666 shares of the Company's restricted common stock at \$0.60 per share. The institution was deemed to be an accredited investor. The issuances were exempt from registration under Section 4(2) of the Securities Act. The investor received information concerning the Company and had the opportunity to ask questions concerning the viability of the Company. The shares contain legends restricting their transferability absent registration or applicable exemption.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Edgar Filing: ENVIRO VORAXIAL TECHNOLOGY INC - Form 10-Q/A

Item 6. Exhibits

Exhibits required by Item 601 of Regulation S-K

- 31.1 Form 302 Certification of Chief Executive Officer
- 31.2 Form 302 Certification of Principal Financial Officer
- 32.1 Form 906 Certification of Chief Executive Officer and  
Principal Financial Officer

17

SIGNATURE

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 as a duly authorized officer of the Registrant.

Enviro Voraxial Technology, Inc.

By: /s/ Alberto DiBella

-----  
Alberto DiBella  
Chief Executive Officer and  
Principal Financial Officer

DATED: October 1, 2008

