ENVIRO VORAXIAL TECHNOLOGY INC
Form 10-K
April 21, 2011

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2010

Commission file number 0-27445

ENVIRO VORAXIAL TECHNOLOGY, INC.
(Name of Small Business Issuer in its Charter)

Idaho __	83-0266517
(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) (Zip Code)

(954) 958-9968
(Issuer's Telephone Number)

Securities registered under Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
	None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $.001 par value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the

Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.)

Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K. o

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 o Accelerated filer o

Non-accelerated filer (Do not check if a smaller reporting company) o Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act)

Yes o No x

The aggregate market value of the Company's voting stock held by non-affiliates as of June 30, 2010 was approximately $20,591,596 based on the average closing bid and asked prices of such stock on that date as quoted on the Over the-Counter Bulletin Board.

There were 31,590,497 shares of common stock outstanding as of April 10, 2011.

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PART I.

Item 1. Business

Our History

Enviro Voraxial Technology, Inc. (the "Company") was incorporated in Idaho on October 19, 1964, under the name Idaho Silver, Inc. In May of 1996, we entered into an agreement and plan of reorganization with Florida Precision Aerospace, Inc., a privately held Florida corporation ("FPA"), and its shareholders. FPA was incorporated on February 26, 1993.

General

We believe we are emerging as a potential leader in the rapidly growing environmental and industrial separation industries. The Company has developed and patented the Voraxial® Separator ("Voraxial® Separator" or "Voraxial®"), a proprietary technology that efficiently separates large volumes of liquid/liquid, liquid/solids or liquid/liquid/solids fluid mixtures with distinct specific gravities. Management believes this superior separation quality is achieved in real-time, and in much greater volumes, with a more compact, cost effective and energy efficient machine than any comparable product on the market today. Management believes the Voraxial fills a void in the market; specifically a real-time separation device that separates a large volume of liquids with a small footprints and without the need of a pressure drop. We believe the need for such a separation device overlaps many markets.

The Voraxial® Separator operates in-line and without the need of a pressure drop. The Voraxial Separator benefits include: high volume/small footprint, no pressure drop requirement, 2-way or 3-way separation, handles fluctuations in flow rate and oil concentration without any adjustments, high "g" force and less maintenance than conventional equipment. The Voraxial® Separator technology is scaleable and universal in its implementation. These benefits result in significant cost savings to the customer, both acquisition and operating cost.

The Voraxial is capable of processing volumes as low as 3 gallons per minute as well as volumes over 5,000 gallons per minute with only one moving part. The Company believes that the Voraxial® technology can help protect the environment and its natural resources while simultaneously making numerous industries more productive and cost effective.

The size and efficiency advantages provided by the Voraxial® Separator to the end-user have provided us with a variety of market opportunities. We believe separation of contaminants from water is needed in virtually every industry, either in the manufacturing or production side of the business or in purifying the wastewater prior to discharge. Because of the size, weight, energy and separation efficiency and no pressure drop requirement advantages the Voraxial Separator solution presents to the end user, the Voraxial can be used in many different markets. The Company has deployed products to the following markets: oil exploration and production, tar sands, mining, waste-to-energy, stormwater and oil spill. The Company is receiving interest from other markets as well including manufacturing, agriculture, food processing and bio-fuel. With nominal modifications, the Voraxial can be sold to these different markets. This allows the Company to pursue its core market, oil and gas exploration and production, while responding and selling product to customers in other markets. The Company is now pursuing sales opportunities with potential customers in a variety of markets including oil-water separation, oil & gas exploration and production, tar sands, oil refineries, marine/oil-spill clean up, mining, manufacturing water treatment and grit/sand separation.

We have generated limited revenues to date partially due to the time required to educate the market of a new separation method, partially because of insufficient funds to adequately market our

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product; and the time needed to secure and complete initial projects. However with the dissemination of the data from the initial successful projects, demand for the Voraxial has increased. This increased interest and demand for the Voraxial is translating into increasing revenues as revenues continue to increase year-over-year from 2008 to 2010. The current revenue backlog for 2011 is greater than our entire fiscal year 2010.

We are receiving inquiries from customers in various industries, including the oil exploration and production, tar sands market, mining, and manufacturing. Even though customers from various industries can utilize the Voraxial, we are currently focused on developing market channels to penetrate the oil & gas exploration and production market and more specifically, the produced water market. We are beginning to see positive results as the number of projects within the industry has steadily increased in the past several years and relationships are beginning to foster with both customers and service companies. The Company believes that revenues from this industry will continue to increase in 2011 and beyond. We have sold and shipped units of the Voraxial® Separator on a trial and rental basis to a number of different companies that include various applications, including produced water applications for the oil industry (both offshore platforms and onshore production facilities), liquid/liquid for tar sands industry, and liquid/liquid for the uranium industry, to name a few. We have completed multiple projects to date with the Voraxial® Separators including units to BP, Transocean, ConocoPhillips, Repsol, OMV, Uranium One, the Alaska Department of Environmental Conservation, the US Navy, and Cameco. We are in dialogue with other companies to conduct similar projects in 2011.

We also believe that our technology could have a significant impact on oil spill recovery. Following the Deepwater Horizon oil spill in the Gulf of Mexico we were included in British Petroleum RAT (Rapid Attack Team) Pack program. The “RAT Pack” program is a fleet of local commercial, shallow draft, nimble and fast moving vessels operating under the Vessels of Opportunity program. The Voraxial Separator is now included in British Petroleum’s Products and Services (PSE) database. Inclusion in the PSE database gives the Deepwater Horizon Incident Command the option to use the Voraxial in the Gulf clean-up efforts. We are actively pursuing other oil spill recovery programs for the Gulf of Mexico led by ExxonMobil, ConocoPhillips, Shell and Chevron. We are discussing oil spill response sales with customers as well.

We finalized the development of the Submersible Voraxial Separator for oil spill recovery, which enables the operator to separate oil from water in the ocean. By conducting the separation in the ocean, Management believes that vessels can skim ten times more oil since the amount of water collected in a vessel’s holding tank is reduced by up to 90%. The collected oil will be discharged into a holding tank while the clean water remains in the ocean. This differs substantially from the current methods of skimming large volumes of oil/water mixture and then conducting the separation on vessel. Implementing this new method enables the vessels to process significantly more volume of skimmed oil/water mixture, collect more oil, capture a higher concentration of oil and remain in operation longer. We filed 3 patents related to oil spill recovery.

Due to the exposure from the various petroleum industry related trade shows and the initial sales, trials and demonstrations conducted over the past several years, the Company is now in discussions with various oil companies for purchase of units and to conduct additional trials. In the 4th quarter of 2010, the Company received additional orders for 2011 delivery. These orders represent a significant increase in revenues from 2010 sales. The Company is also in discussion with several oil service companies interested in developing a relationship with the company to market the Voraxial® Separator within the industry. We anticipate that some of these opportunities will materialize in 2011.

EVTN has developed a turnkey system can be utilized in multiple niche applications in the oil industry including produced water, under-balanced drilling (UBD), deck water drainage, slopwater, FPSO and refinery markets. The system integrates the Voraxial Separator as a bulk separator, coalescers to increase the droplet size of the dispersed oil and filters for the secondary process for polishing. The system can also include other equipment such as flow meters, turbidity meters, oil monitors and chemical injection ports. The turnkey system provides the oil industry with a compact and effective separation system. The Voraxial's small footprint, low energy requirements and separation quality coupled with unique filtration equipment for secondary treatment provides the customer with a complete turnkey package that meets the most stringent discharge levels such as OSPAR (North Sea countries <30mg/ltr) and United States 40 CFR435 (<29 mg/ltr).

The Voraxial® Grit Separator has been designed for specific use in the municipal wastewater industry. The Voraxial® generates a centrifugal that provides for efficient separation of sand/grit and is configured for operation at the headworks of a municipal wastewater treatment plant (WWTP). A single Voraxial® Grit Separator is designed to provide for the continuous removal of grit from screened wastewater at rates up to eight thousand (8000) gallons per minute (11.5 mgd). We currently have designs for two models of Voraxial® Grit Separators. The Voraxial® 4000 Grit Separator has an operating range of three-tenths to one and three-tenths (0.3 to 1.3) million gallons per day (mgd), powered by a ten (10) HP TEFC motor. The Voraxial® 8000 Grit Separator has an operating range of three to eleven and five-tenths (3.0 to 11.5) mgd, powered by a fifty (50) HP TEFC motor. This separation performance translates well into other industries. The Company is receiving interest from other applications for its Voraxial Separator to do liquid/solid separation.

Voraxial® Separator

The Voraxial® Separator is a continuous flow turbo machine that generates a strong centrifugal force, a vortex, capable of separating light and heavy liquids, such as oil and water, or any other combination of liquids and solids at extremely high flow rates. As the fluid passes through the machine, the Voraxial® Separator accomplishes this separation through the creation of a vortex. In liquid/liquid and liquid/solid mixtures, this vortex causes the heavier compounds to gravitate to the outside of the flow and the lighter elements to move to the center where an inner core is formed. The liquid stream processed by the machine is divided into separate streams of heavier and lighter liquids and solids. As a result of this process, separation is achieved.

The Voraxial® Separator is a self-contained, non-clogging device that can be powered by an electric motor, diesel engine or by hydraulic power generation. Further, the Voraxial® Separator's scalability allows it to be utilized in a variety of industries and to process various amounts of liquid. The following are the various sizes and the corresponding capacity range:

Product and Capacity Range

Model Number	Diameter Size	Capacity Range Gallons Per Minute
Voraxial®1000	1 inch	3 - 5
Voraxial®2000	2 inches	20 - 70
Voraxial®4000	4 inches	100 - 500
Voraxial®8000	8 inches	1,000 - 3,000

The Voraxial® Separator can transfer various liquids in either direction by reversing the machine's rotation. We currently maintain an inventory of various models of the Voraxial® Separator.

Management believes that our Voraxial® Separator offers substantial applications on a cost-effective basis, including: oil exploration & production, oil remediation services, municipal wastewater treatment, bilge water purification, food processing waste treatment and numerous other industrial

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production and environmental remediation processes. We also believe that the quality of the water separated from the contaminant is good enough to recycle back into the process stream (back into the plant) or discharge to the environment. As clean water becomes less available to the ever-increasing world population, this technology may become more valuable.

The Voraxial® Separator is currently manufactured and assembled at our Fort Lauderdale, Florida facilities. The Company subcontracts some parts of the Voraxial Separator to local manufacturers.

The Market

The need for effective and cost efficient wastewater treatment and separation technology is global in scale. Moreover, virtually every industry requires some type of separation process either during the manufacturing process, prior to treatment or discharge of wastewater into the environment, for general clean up, or emergency response capability. Separation processes, however, are largely unknown to the average consumer. These processes are deeply integrated in almost all industrial processes from oil to wastewater to manufacturing. Management believes that the Voraxial® technology has applications in most, if not all major separation industries. The unique characteristics of the Voraxial® allow it to be utilized either as a stand-alone unit or within an existing system to provide a more efficient and cost effective way to handle the separation needs of the customer. We believe the Voraxial® Separator can result in a cost savings and other benefits to the customer. These benefits result in and include:

- A reduction in water and energy usage,
- Requires no pressure drop to perform separation,
- Less space needed to implement the Voraxial® Separator; the Voraxial® Separator weighs less than existing systems,
- A reduction in time to process and separate the fluids, allowing the customer to be more efficient,
- Creation of a more efficient and faster process to treat water to increase the overall productivity of the end-user,
- A reduction in the amount of disposable liquids,
- Fewer employees needed to operate the system, and
- Reduction of ongoing maintenance and servicing costs.

We believe that we are the only front-end solution for the separation industry that can offer increased productivity while reducing the physical space and energy required to operate the unit. These advantages translate into the potential for substantial operating cost efficiencies that would increase the profitability of the solution’s end user. The Voraxial’s unique characteristic to conduct separation without a pressure loss allows the unit to be installed in locations other technologies cannot. For instance another separation technology in the oil industry called a hydrocyclone requires a significant pressure loss to perform separation. This characteristic gives the customer a more economical way to achieve separation.

If, as we expect, environmental regulations, both domestically and internationally, become more stringent, companies will be required to more effectively treat their wastewater prior to discharge. We believe this offers a great opportunity for the Company as the Voraxial® Separator can be utilized in most separation applications to significantly increase the efficiency of the separation processes while simultaneously reduce the cost to the end-user.

Management believes that the oil industry, and more specifically the produced water market within this industry, represents a great opportunity for significant sales growth for the Voraxial Separator. The produced water market is worldwide and the need for effective produced water (oil/water) separation is a major issue for both offshore and land-based oil production facilities. The ability to efficiently separate produced water waste streams (oil and water) has enormous economical and environmental consequences for the oil production industry. Produced water comprises over 98% of the total waste volume generated by the oil and gas industry, making it the largest volume waste stream associated with oil and gas production.

Oil reservoirs frequently contain large volumes of water and as oil wells mature (the oil field becomes depleted), the amount of produced water increases. In the continental US, it is estimated that 7-10 barrels of water is produced for each barrel of recovered oil. According to the Argonne National Laboratory 2007 White Paper, “approximately 15 to 20 billion bbl (barrels; 1 bbl = 42 U.S. gallons) of produced water are generated each year in the United States. This is equivalent to a volume of 1.7 to 2.3 billion gallons per day.” Worldwide, the total amount of produced water generated, excluding the United States, is approximately 50 billion barrels (approximately 6 billion gallons per day). Produced water volumes will continue to increase as oil wells mature.

The necessity to process and efficiently separate high volumes of liquids coupled with the more stringent environmental regulations worldwide is increasing the demand for the Voraxial® Separator. The Voraxial® Separator provides a cost effective way to separate large volumes of produced or re-injection water for both on-land and offshore production facilities. The Voraxial® provides superior separation while decreasing the amount of space, energy and weight to conduct the separation. In addition to oil separation, the Voraxial can also perform solid (sand and grit) extraction, which prevents production damage by increasing the life of the well.

The Company also expects market opportunities to present themselves because of increased governmental regulation and standards enforcement by the U.S. Environmental Protection Agency (“EPA”), and the European Union Commission on the Environment. Additionally, emerging markets worldwide are opening as growing nations recognize the need and benefit of addressing the environmental issues faced by population growth and industrialization, such as China, Mexico, and South America.

Inventory

Other than our Voraxial® Separators, we maintain no inventory of finished parts until we receive a customer order. We currently have various models of the Voraxial® Separator in inventory, which may include certain models located at third party facilities on a trial basis.

Competition

We are subject to competition from a number of companies who have greater experience, research abilities, engineering capability and financial resources than we have. Although we believe our Voraxial® Separator offers applications which accomplish better or similar results on a more cost-effective basis than existing products, other products have, in some instances, attained greater market and regulatory acceptance. These competitors include, but are not limited to Westfalia and AlfaLaval.

Marketing

Management is implementing a comprehensive sales and marketing program to stimulate awareness of the Voraxial® Separator. Management is developing relationships with oil service companies and representatives to promote the Voraxial to oil industry customers. We are beginning to see the benefits of this program as interest and opportunity for deployments and revenues are increasing. We forecast that significant revenues will begin to be realized in 2011.

We also have seen a great benefit from exhibiting at tradeshows. We have presented the Voraxial® Separator at several prominent trade shows in the past fiscal year. The Company will exhibit the Voraxial® Separator at additional tradeshows in 2011.

Sources and availability of raw materials

The materials needed to manufacture our Voraxial® Separator have been provided by leading companies in the industry including Motion Industries, MSC, Baldor Electric Co., and John Crane, Inc., among other suppliers. We do not anticipate any shortage of component parts.

Intellectual property

We currently hold several patents pertaining to the Voraxial® Separator and are continually working on developing other patents. The Company owns United States Patent #6,248,231 and #5,904,840. The latest patent, Patent #6,248,231 was registered in 2001 for Apparatus with Voraxial® Separator and Analyzer. Patent #5,904,840 is for Apparatus for Accurate Centrifugal Separation of Miscible and Immiscible Media, which is for technology invented by our president and sole director, Alberto DiBella, and registered in 1999. The Company filed for additional patents in 2007 to reflect the upgrades to the Voraxial Separator and 2010 to reflect oil spill recovery applications. These patents are still pending.

Product liability

Our business exposes us to possible claims of personal injury, death or property damage, which may result from the failure, or malfunction of any component or subassembly manufactured or assembled by us. We have product liability insurance. However, any product liability claim made against us may have a material adverse effect on our business, financial condition or results of operations in light of our poor financial condition, losses and limited revenues. We have also obtained directors and officers, and general insurance coverage.

Research and development

In our past two fiscal years, we have spent approximately $1,242,967 on product research and development. The Company has finalized the development of the Voraxial® Separator. While the Company has finalized the development of the Voraxial Separator, there was an increase in research and development during 2010 due to activity related to the oil spill in the Gulf of Mexico. We finalized the development of the Submersible Voraxial Separator which enables the operator to separate oil from water in the ocean. By conducting the separation in the ocean, Management believes that vessels can skim ten times more oil since the amount of water collected in a vessel's holding tank is reduced by up to 90%. The collected oil will be discharged into a holding tank while the clean water remains in the ocean. This differs substantially from the current methods of skimming large volumes of oil/water mixture and then conducting the separation on vessel. Implementing this new method enables the vessels to process significantly more volume of skimmed oil/water mixture, collect more oil, capture a higher concentration of oil and remain in operation longer. We filed 3 patents related to oil spill recovery.

Employees

We currently have six full time employees. All of our employees work full-time. None of our employees are members of a union. We believe that our relationship with our employees is favorable. We intend to add additional employees in the upcoming year, including managers, sales representatives and field technical engineers.

Item 1A. Risk Factors

Risk Factors

Our independent auditors have raised substantial doubt about our ability to continue as a going concern.

Although we operated as a precision machine shop for a number of years, we have only recently completed the development of the Voraxial Separator, and we have not yet generated significant revenues from that product. As a result, we have limited operating history in our planned business upon which you may evaluate our business and prospects. The revenues and income potential of our business and the markets of our separation technology are unproven. Our business plan must be considered in light of risks, expenses, delays, problems, and difficulties frequently encountered by development stage companies.

We have incurred operating losses since our inception, and we will continue to incur net losses until we can produce sufficient revenues to cover our costs. At December 31, 2010, we had an accumulated deficit of $12,615,540 including a net loss of $1,687,814 for the year ended December 31, 2010. Even if we achieve profitability, we may not be able to sustain or increase our profitability on a quarterly or annual basis.

Our ability to generate future revenues will depend on a number of factors, many of which are beyond our control. These factors include the rate of market acceptance of our products, competitive efforts, and general economic trends. Due to these factors, we cannot anticipate with any degree of certainty what our revenues will be in future periods. You have limited historical financial data and operating results with which to evaluate our business and our prospects. As a result, you should consider our prospects in light of the early stage of our business in a new and rapidly evolving market.

Our independent auditors have included in their audit report an explanatory paragraph that states that our continuing losses from operations raises substantial doubt about our ability to continue as a going concern.

We have been limited by insufficient capital, and we may continue to be so limited.

In the past, we have lacked the required capital to market the Voraxial Separator. Our inability to raise the funding or to otherwise finance our capital needs could adversely affect our financial condition and our results of operations, and could prevent us from implementing our business plan.

We may seek to raise capital through public and private equity offerings, debt financing or collaboration, and strategic alliances. Such financing may not be available when we need it or may not be available on terms that are favorable to us. If we raise additional capital through the sale of our equity securities, your ownership interest will be diluted and the terms of the financing may adversely affect your holdings or rights as a stockholder.

Our business model is unproven.

Our business model is currently unproven and in the early stages of development and we have not yet undertaken any substantial marketing activities. The technological, marketing, and other aspects of our business will require substantial resources and will undergo constant developmental change. Our ability to develop a successful business model will be dependent upon the relative success or failure of these respective aspects of our operations and how effectively they work in concert with one another. If we expend significant financial and management resources attempting to market the Voraxial Separator to a specific industry segment, and we subsequently are unsuccessful in generating sales from that segment, we may not have enough resources to market to other industry segments. There are no assurances that we will successfully develop our business model from the standpoint of successfully implementing an efficient and effective marketing plan.

If our products do not achieve and maintain market acceptance, our business will not be successful.

Even though our product is successfully developed, our success and growth will depend upon its acceptance by various potential users of our product. Acceptance will be a function of our product being more cost effective as compared to currently existing or future technologies. If our product does not achieve market acceptance, our business will not be successful. In addition, even if our product achieves market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our product or render our products obsolete.

If we do not develop sales and marketing capabilities or arrangements successfully, we will not be able to commercialize our product successfully.

We have limited sales and marketing experience. We may market and sell our product through a direct sales force or through other arrangements with third parties, including co-promotion arrangements. Since we may market and sell any product we successfully develop through a direct sales force, we will need to hire and train qualified sales personnel.

Our market is subject to intense competition. If we are unable to compete effectively, our product may be rendered non-competitive or obsolete.

We are engaged in a segment of the water filtration industry that is highly competitive and rapidly changing. Many large companies, academic institutions, governmental agencies, and other public and private research organizations are pursuing the development of technology that can be used for the same purposes as our product. We face, and expect to continue to face, intense and increasing competition, as new products enter the market and advanced technologies become available. We believe that a significant number of products are currently under development and will become available in the future that may address the water filtration segment of the market. If other products are successfully developed, it may be marketed before our product.

Our competitors' products may be more effective, or more effectively marketed and sold, than any of our products. Many of our competitors have:

significantly greater financial, technical and human resources than we have and may be better equipped to discover, develop, manufacture and commercialize products; and

more extensive experience in marketing water treatment products.

Competitive products may render our products obsolete or noncompetitive before we can recover the expenses of developing and commercializing our product. Furthermore, the development of new technologies and products could render our product noncompetitive, obsolete, or uneconomical.

As we evolve from a company primarily involved in design and development to one also involved in commercialization, we may encounter difficulties in managing our growth and expanding our operations successfully.

We may experience a period of rapid and substantial growth that may place a strain on our administrative and operational infrastructure, and we anticipate that continued growth could have a similar impact. As our product continues to enter and advance in the market, we will need to expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to manage additional relationships with various collaborative partners, suppliers, and other third parties.

If we are unable to adequately protect our technology, or if we infringe the rights of others, we may not be able to defend our markets or to sell our product.

Our success may depend in part on our ability to continue and expand our patent protection both in the United States and in other countries for our product. Due to evolving legal standards relating to the patentability, validity, and enforceability of patents covering our product and the scope of claims made under these patents, our ability to obtain and enforce patents is uncertain and involves complex legal and factual questions. Accordingly, rights under any issued patents may not provide us with sufficient protection for our product or provide sufficient protection to afford us a commercial advantage against competitive products or processes.

Our success may also depend in part on our ability to operate without infringing the proprietary rights of third parties. The manufacture, use, or sale of our product may infringe on the patent rights of others. Likewise, third parties may challenge or infringe upon our existing or future patents. Proceedings involving our patents or patent applications or those of others could result in adverse decisions regarding:

the patentability of our inventions relating to our product; and/or
the enforceability, validity, or scope of protection offered by our patents relating to our product.

Litigation may be necessary to enforce the patents we own and have applied for (if they are awarded), copyrights, or other intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement. This type of litigation could result in the expenditure of significant financial and managerial resources and could result in injunctions preventing us from distributing certain products. Such claims could materially adversely affect our business, financial condition, and results of operations.

We are dependent on key personnel.

We are dependent upon the availability and the continued performance of the services of key personnel. The loss of the services of any such personnel could have a material adverse effect on us. In addition, the availability of skilled personnel is extremely important to our growth strategy and our failure to attract and retain such personnel could have a material, adverse effect on us. We do not currently maintain any key man life insurance covering these persons.

Our operations are subject to governmental approvals and regulations and environmental compliance.

Our operations are subject to extensive and frequently changing federal, state, and local laws and substantial regulation by government agencies, including the United States Environmental Protection Agency (EPA), the United States Occupational Safety and Health administration (OSHA) and the Federal

Aviation Administration (FAA). Among other matters, these agencies regulate the operation, handling, transportation and disposal of hazardous materials used by us during the normal course of our operations, govern the health and safety of our employees and certain standards and licensing requirements for our aerospace components that we contract manufacture. We are subject to significant compliance burden from this extensive regulatory framework, which may substantially increase our operational costs.

We believe that we have been and are in compliance with environmental requirements and believe that we have no liabilities under environmental requirements. Further, we have not spent any funds specifically on compliance with environmental laws. However, some risk of environmental liability is inherent in the nature of our business, and we might incur substantial costs to meet current or more stringent compliance, cleanup, or other obligations pursuant to environmental requirements in the future. This could result in a material adverse effect to our results of operations and financial condition.

Our business has a substantial risk of product liability claims. If we are unable to obtain appropriate levels of insurance, a product liability claim against us could adversely affect our business.

Our business exposes us to possible claims of personal injury, death, or property damage, which may result from the failure, or malfunction of any component or subassembly manufactured or assembled by us. While we have product liability insurance, any product liability claim made against us may have a material adverse effect on our business, financial condition, or results of operations in light of our poor financial condition, losses and limited revenues.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

In September 2010, the Company entered into a one (1) year lease for an office and manufacturing facility located at 821 NW 57th Place, Fort Lauderdale, FL 33309. The lease is approximately $6,100 per month for the year of the lease.

Item 3. Legal Proceedings

None.

Item 4. (REMOVED AND RESERVED)

PART II.

Item 5. Market for Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the OTC Markets under the symbol “EVTN”. The bid quotations below are provided by the OTC Markets. On April 13, 2011, the closing price for our common stock was $0.31. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions.

Bid Quotations

Quarter Ended	High	Low
March 31, 2009	$0.50	$0.28
June 30, 2009	$0.55	$0.37
September 30, 2009	$0.45	$0.30
December 31, 2009	$0.47	$0.34
March 31, 2010	$0.54	$0.40
June 30, 2010	$1.04	$0.37
September 30, 2010	$0.89	$0.25
December 31, 2010	$0.38	$0.23

Holders

As of December 31, 2010, there were approximately 800 holders of record of our common stock outstanding. Our transfer agent is Jersey Transfer & Trust Company, Inc., Post Office Box 36, Verona, New Jersey 07044.

No prediction can be made as to the effect, if any, that future sales of shares of common stock or the availability of common stock for future sale will have on the market price of the common stock prevailing from time-to-time. Sales of substantial amounts of common stock on the public market could adversely affect the prevailing market price of the common stock.

Dividends

We have not paid a cash dividend on the common stock since current management joined our company in 1996. The payment of dividends may be made at the discretion of our board of directors and will depend upon, among other things, our operations, our capital requirements and our overall financial condition. As of the date of this report, we have no intention to declare dividends.

Other Stockholders Matters

During the three month period ended March 31, 2010, the Company received $50,000 from an accredited investor that purchased an aggregate of 200,000 shares of the Company's restricted common stock at $0.25 per share and warrants to purchase 100,000 shares of common stock exercisable at $0.60 per share. The transactions 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 and warrants contain legends restricting their transferability absent registration or applicable exemption.

During the three months ended March 31, 2010, the Company issued an aggregate of 190,000 shares of common stock to two consultants in consideration for consulting services. The shares of common stock were issued under the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption.

Effective April 30, 2010, the Company issued restricted stock grants to acquire an aggregate of 2,700,000 shares of restricted common stock to employees and consultants, including grants to acquire 1,300,000 shares of common stock to Alberto DiBella and 1,100,000 shares of common stock to John DiBella. The shares subject to the grants to Alberto DiBella are subject to forfeiture as follows: 200,000 shares on April 30, 2011, 300,000 shares on April 30, 2012, 400,000 shares on April 30, 2013 and

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400,000 shares on April 30, 2014, in the event Alberto DiBella is no longer a full time employee on such dates. The shares subject to the grants to John DiBella are subject to forfeiture as follows: 200,000 shares on April 30, 2012, 300,000 shares on April 30, 2013, 400,000 shares on April 30, 2014 and 200,000 shares on April 30, 2015, in the event John DiBella is no longer a full time employee on such dates. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

Effective April 30, 2010, the Company issued 100,000 shares of common stock to a consultant for services provided to the Company. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

Effective May 13, 2010, the Company issued an aggregate of 250,000 shares of common stock to two service providers in consideration of services provided. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

On May 28, 2010, the Company completed a private placement of its securities under which it issued an aggregate of 1,476,000 shares of its common stock and warrants exercisable to purchase 738,000 shares of common stock to 22 accredited investors. The warrants are exercisable for a period of six months from the completion of the private placement at an exercise price of $0.60 per share. The Company received gross proceeds of $369,000 from the sale of the securities. No commissions were paid in connection with the private placement. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

Effective June 2, 2010, the Company issued options to Alberto DiBella and John DiBella to purchase 1,900,000 and 2,800,000 shares of restricted common stock, respectively. The options are exercisable at $0.68 per share for a period of three years from vesting date. The options contain a cashless exercise provision and vest in three annual tranches. Of the options issued to Alberto DiBella, 1,700,000 are exercisable commencing January 30, 2011, 100,000 are exercisable commencing January 30, 2012 and 100,000 are exercisable commencing January 30, 2013. Of the options issued to John DiBella, 2,600,000 are exercisable commencing on January 30, 2011; 100,000 are exercisable on January 30, 2012; and 100,000 are exercisable commencing January 30, 2013. The options were issued in satisfaction of accrued salary and expenses payable to John DiBella and Alberto DiBella in the approximate amounts of $1,046,000 and $693,000, respectively. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

On July 13, 2010, the Company issued an aggregate of 300,000 shares of its common stock to two investors in consideration of $120,000. No fees or commissions were paid in connection with the sales to the investors. The shares of common stock were issued under the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption. The investors had access to current information concerning the Company and had the opportunity to ask questions about the Company.

On August 5, 2010, the Company issued an aggregate of 53,626 shares of common stock to GVC Capital LLC (formerly known as Bathgate Capital Partners) and its affiliates pursuant to the exercise of 265,250 warrants previously issued to Bathgate Capital Partners. The warrants contained a cashless exercise provision. The shares of common stock issued pursuant to the exercise of the warrants were issued under the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption.

On August 10, 2010, the Company completed a private placement of its common stock under which it issued an aggregate of 720,000 shares of its common stock to 8 accredited investors. The Company received gross proceeds of $288,000 from the sale of the common stock. Under the terms of the offering the Company paid commissions and fees of approximately $23,040 to a registered broker dealer. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act and Regulation D, Rule 506, promulgated thereunder. The securities may not be transferred absent registration or applicable exemption.

On August 30, 2010, the Company issued an aggregate of 31,877 shares of common stock in consideration of legal services provided and to be provided by outside legal counsel. The shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption.

On August 31, 2010, the Company issued 300,000 shares of common stock to a consultant in consideration for consulting services. The shares of common stock were issued under the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption.

Issuer Purchase of Equity Securities

None.

Item 6. Selected Financial Data

Information not required by small reporting company.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

General

Management's discussion and analysis contains various forward-looking statements. These statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as “may,” “expect,” “anticipate,” “estimate” or “continue” or use of negative or other variations or comparable terminolog

We caution that these statements are further qualified by important factors that could cause actual results to differ materially from those contained in the forward-looking statements that these forward-looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements.

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes appearing in this report. Some of the information contained in this discussion and analysis or set forth elsewhere in this registration statement, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should review the “Risk Factors” in this registration statement for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Significant Accounting Policies

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Note 2 of the Notes to Financial Statements describes the significant accounting policies used in the preparation of the consolidated financial statements. Certain of these significant accounting policies are considered to be critical accounting policies, as defined below.

A critical accounting policy is defined as one that is both material to the presentation of our financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on our financial condition and results of operations. Specifically, critical accounting estimates have the following attributes: 1) we are required to make assumptions about matters that are highly uncertain at the time of the estimate; and 2) different estimates we could reasonably have used, or changes in the estimate that are reasonably likely to occur, would have a material effect on our financial condition or results of operations.

Estimates and assumptions about future events and their effects cannot be determined with certainty. We base our estimates on historical experience and on various other assumptions believed to be applicable and reasonable under the circumstances. These estimates may change as new events occur, as additional information is obtained and as our operating environment changes. These changes have historically been minor and have been included in the consolidated financial statements as soon as they became known. Based on a critical assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, management believes that our consolidated financial statements are fairly stated in accordance with accounting principles generally accepted in the United States, and present a meaningful presentation of our financial condition and results of operations. We believe the following critical accounting policies reflect our more significant estimates and assumptions used in the preparation of our consolidated financial statements:

Revenue Recognition

The Company derives its revenue from the sale and short-term rental of the Voraxial Separator. The Company presents revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 605 "Revenue Recognition in Financial Statements". Under Revenue Recognition in Financial Statements, revenue is realized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured.

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.

Stock-Based Compensation

The Company adopted ASC Topic 718 formerly Statement of Financial Account Standard (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 ASC Topic 718 formerly 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.

Year ended December 31, 2010 compared to year ended December 31, 2009

Revenue

We continued to focus our efforts and resources to the manufacturing, assembling, marketing and selling of the Voraxial® Separator. Revenues for the year ended December 31, 2010 increased by $187,911 to $652,437 or approximately 40% from $464,526 for the year ended December 31, 2009. The increase in revenues corresponds to the increased exposure and awareness of the Voraxial. We believe the dissemination of data from previously installed Voraxial Separators is creating an increase demand for the Voraxial. Management believes the increased awareness and deployments will contribute to an increase in 2011 revenues. Revenues in 2009 and 2010 were a result of sale of the Voraxial Separator and auxiliary parts, lease orders and trials for customers interested in buying the Voraxial Separator. Management believes the interest for the Voraxial Separator for liquid/liquid, liquid/solid and liquid/liquid/solid separation is increasing in the oil exploration and production industry.

Costs and expenses

Costs and expenses increased by approximately 82% or $989,510 to $2,199,801 for the year ended December 31, 2010 as compared to $1,210,291 for the year ended December 31, 2009. Our cost and expenses increased due to an increase in general and administrative and research and development expenses as described below.

General and administrative expenses

General and administrative expenses increased by approximately 105% or $743,791 to $1,455,458 for the year ended December 31, 2010 from $711,667 for the year ended December 31, 2009. The increase was primarily due to an increase in expenditures toward sales and marketing and compensation to consultants and service providers as associated with the oil exploration & production industry and the BP oil spill in the Gulf of Mexico. The increase was also due to non-cash expenses associated with the issuance of common stock for consulting services of $419,650 and the annotation of deferred stock grants of $171,000 for the year ended December 31, 2010 compared with $160,000 of non-cash expense for consulting service for the year ended December 31, 2009. We continued to concentrate on marketing the Voraxial Separator during 2010.

Research and development expenses

Research and development expenses increased by 49% or $245,719 to $744,343 for the year ended December 31, 2010 from $498,624 for the year ended December 31, 2009. The R&D conducted by the Company over the past two years resulted with the Company upgrading the Voraxial Separator and filing additional patents. As the Voraxial is complete, the R&D is predominantly for activities in the oil and gas industry. However, the Company spent additional R&D on oil spill recovery as a result of the BP oil spill in the Gulf of Mexico. The Company filed additional patents in 2010 related to the oil spill recovery market.

Liquidity and capital resources

At December 31, 2010, we had a working capital deficit of $60,908, cash of $442,812 and an accumulated deficit of $12,615,540. For the year ended December 31, 2010, we had a net loss from operations of $1,687,814. Operating at a loss for the year negatively impacted our cash position; however, funds received from the private placements completed during 2010 improved our working capital position.

During the year ended December 31, 2010, the Company received net cash from financing activities of approximately $820,000. During the three month period ended March 31, 2010, the Company received $50,000 from an accredited investor that purchased an aggregate of 200,000 shares of the Company's restricted common stock at $0.25 per share and warrants to purchase 100,000 shares of common stock exercisable at $0.60 per share. On May 28, 2010, the Company completed a private placement of its securities under which it issued an aggregate of 1,476,000 shares of its common stock and warrants exercisable to purchase 738,000 shares of common stock to 22 accredited investors. The warrants are exercisable for a period of six months from the completion of the private placement at an exercise price of $0.60 per share. The Company received gross proceeds of $369,000 from the sale of the securities. On July 13, 2010, the Company issued an aggregate of 300,000 shares of its common stock to two investors in consideration of $120,000. On August 10, 2010, the Company completed a private placement of its common stock under which it issued an aggregate of 720,000 shares of its common stock to 8 accredited investors. The Company received gross proceeds of $288,000 from the sale of the common stock. Under the terms of the offering the Company paid commissions and fees of approximately $23,040 to a registered broker dealer.

We believe that including our current cash resources and anticipated revenue to be generated by our Voraxial® Separators, we will have sufficient resources to continue business operations for the next twelve months. To the extent that these resources are not sufficient to sustain current operating activities, we may need to seek additional capital, or adjust our operating plan accordingly.

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Continuing losses

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. If the Company is unable to successfully commercialize its Voraxial Separator, it is unlikely that the Company could continue its business. The Company will continue to require the infusion of capital until operations become profitable. During 2010, the Company anticipates seeking additional capital, increasing sales of the Voraxial Separator and continuing to restrict expenses. However, substantial doubt exists about the ability of the Company to continue as a going concern.

Our registered independent certified public accountants have stated in their report dated April 21, 2011 that we have incurred operating losses in the last two years, and that we are dependent upon the management's ability to develop profitable operations. These factors among others may raise substantial doubt about our ability to continue as a going concern. This statement in the accountants' report may make it more difficult to obtain future financing.

Recent Accounting Pronouncements

For a discussion of new accounting pronouncements affecting the Company, refer to Note D to the Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Information not required by smaller reporting company.

Item 8. Financial Statements and Supplementing Data

The financial statements required by this report are included, commencing on F-1.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

The Company’s management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial (and principal accounting) Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of December 31, 2010. Based upon that evaluation and the identification of the material weakness in the Company’s internal control over

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financial reporting as described below under "Management's Report on Internal Control over Financial Reporting," the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were ineffective as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting of the Company. Management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our internal control over financial reporting as of December 31, 2010 based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2010, our internal control over financial reporting is not effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles because of the Company's limited resources and limited number of employees.

To mitigate the current limited resources and limited employees, we rely heavily on direct management oversight of transactions, along with the use of legal and accounting professionals. As we grow, we expect to increase our number of employees, which will enable us to implement adequate segregation of duties within the internal control framework.

This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the SEC that permit the company to provide only management's report in this annual report.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this report that have

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materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance

Directors and executive officers

The following sets forth the names and ages of our officers and directors. Our directors are elected annually by our shareholders, and the officers are appointed annually by our board of directors.

Name	Age	Position
Alberto DiBella	79	President and Director
John A. DiBella	39	Chief Operating Officer and Director

Alberto DiBella is a graduate of the Florence Technical Institute, Italy, where he obtained a degree in mechanical engineering in 1952. After immigrating to the United States in 1962, Mr. DiBella worked in New Jersey for a major tool manufacturer. From 1988 to 1993, he was the President of E.T.P., Inc, a machining business, where he was responsible for day-to-day operations of the company. In 1993, he relocated to Florida and founded FPA, our wholly owned subsidiary. Since our inception he has worked in the day-to-day operations of FPA. He has been our president and chairman since June 1996 and president and chairman of our subsidiary, FPA, since its organization in February 1993.

John A. DiBella has served as an employee of our Company since January 2002 and a member of the Board of Directors since August 2006. From 2000 through January 2002 Mr. DiBella provided consulting services to our Company. Mr. DiBella currently serves as the Company's Chief Operating Officer. Mr. DiBella co-founded and served as President of PBCM, a financial management company located in New Jersey from 1997 to 1999. While at PBCM, Mr. DiBella was involved in various consulting services regarding the development of startup companies, including establishing a management team, negotiating partnerships, licensing agreements and investigating merger and acquisition opportunities. Prior to co-founding PBCM, Mr. DiBella worked in the Equities and Derivatives Department for Donaldson, Lufkin and Jenrette, a NYSE member firm. Mr. DiBella holds a Bachelor of Science Degree in Finance and Economics from Rutgers University. Mr. DiBella is the nephew of Alberto DiBella.

Board of Directors and Committees

During the year ended December 31, 2010, our board of directors held 8 meetings.

To date, we have not established an audit committee. Due to our financial position, we have been unable to attract qualified independent directors to serve on our board. Our board of directors, consisting of Alberto DiBella and John A. DiBella, reviews the professional services provided by our independent auditors, the independence of our auditors from our management, our annual financial statements and our system of internal accounting controls. None of the board members are considered a "financial expert."

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Because the board of directors consists of only two members, the board has not delegated any of its functions to committees. The entire board of directors acts as our audit committee as permitted under Section 3(a)(58)(B) of the Exchange Act. We do not have any independent directors who would qualify as an audit committee financial expert. We believe that it has been, and may continue to be, impractical to recruit such a director unless and until we are significantly larger.

Code of Ethics

During the year ended December 31, 2003 we adopted a code of ethics. The code of ethics was filed with the Company's Form 10-KSB annual report for the year ended December 31, 2003. The code of ethics may be obtained by contacting the Company's executive offices. The code applies to our officers and directors. The code provides written standards that are designed to deter wrongdoing and promote: (i) honest and ethical conduct; (ii) full, fair, accurate, timely and understandable disclosure; (iii) compliance with applicable laws and regulations; (iv) promote reporting of internal violations o the code; and (v) accountability for the adherence to the code.

Shareholder Communications

Although we do not have a formal policy regarding communications with our board of directors, shareholders may communicate with the board by writing to us at Enviro Voraxial Technology, Inc., 821 N.W. 57th Place, Fort Lauderdale, Florida 33309, Attention: Mr. John DiBella. Shareholders who would like their submission directed to a member of the Board may so specify, and the communication will be forwarded, as appropriate.

Section 16(a) of the Exchange Act

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, and persons who own more than ten percent of our outstanding common stock to file with the SEC initial reports of ownership and reports of changes in ownership of common stock. These persons are required by SEC regulation to furnish us with copies of these reports they file.To our knowledge, based solely on a review of the copies of reports furnished to us, Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with on a timely basis for the period which this report relates, except as follows:

On April 30, 2010 Alberto DiBella and John DiBella each failed to disclose under Form 4 that the Company issued restricted stock grants to acquire 1,300,000 shares of common stock to Alberto DiBella and 1,100,000 shares of common stock to John DiBella. On June 2, 2010, Alberto DiBella and John DiBella each failed to disclose under Form 4 that the Company issued options to purchase 1,900,000 shares and 2,800,000 shares of our common stock in satisfaction of $693,000 and $1,046,000 accrued salary and expenses payable to Messrs. Alberto DiBella and John DiBella, respectively.

Item 11. Executive compensation

The table below sets forth compensation for the past two years awarded to, earned by or paid to our chief executive officer and each executive officer whose compensation exceeded $100,000 for the years ended December 31, 2010 and December 31, 2009 (the "Named Executives").

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)	Total ($)
Alberto DiBella	2010	$305,000(6)	--	494,000(4)	--	$799,000
	2009	$305,000(2)	--	--	--	$305,000
John A. DiBella	2010	$305,000(7)	--	418,000(5)	--	$723,000
	2009	$305,000(3)	--	--	--	$305,000

(1) The amounts in these columns represent the fair value of the award as of the grant date as computed in accordance with FASB ASC Topic 718 and the SEC disclosure rules. These amounts represent awards that are paid in shares of common stock or options to purchase shares of our common stock and do not reflect the actual amounts that may be realized by the Named Executive Officers.

(2) $207,050 was deferred in 2009. On June 2, 2010, Alberto DiBella was issued options to purchase 1,900,000 shares of common stock in satisfaction of $693,000 accrued salary and expenses payable to Mr. DiBella, including salary deferred in 2009. See below for further description of the options.

(3) $244,000 was deferred in 2009. On June 2, 2010, John DiBella was issued options to purchase 2,800,000 shares of common stock in satisfaction of $1,046,000 accrued salary and expenses payable to Mr. DiBella, including salary deferred in 2009. See below for further description of the options.

(4) Effective April 30, 2010 the Company issued restricted stock grants to acquire 1,300,000 shares of common stock to Alberto DiBella. The shares are subject to forfeiture as follows: 200,000 shares on April 30, 2011, 300,000 shares on April 30, 2012, 400,000 shares on April 30, 2013 and 400,000 shares on April 30, 2014, in the event that Mr. DiBella is no longer an employee of the Company on such date.

(5) Effective April 30, 2010 the Company issued restricted stock grants to acquire 1,100,000 shares of common stock to John DiBella. The shares are subject to forfeiture as follows: 200,000 shares on April 30, 2012, 300,000 shares on April 30, 2013, 400,000 shares on April 30, 2014 and 200,000 shares on April 30, 2015, in the event that Mr. DiBella is no longer an employee of the Company on such date.

(6) $276,631 paid and remaining amount accrued.

(7) $128,000 paid and the remaining amount accrued.

Outstanding Equity Awards At 2010 Fiscal Year-End

Listed below is information with respect to unexercised options for each Named Executive as of December 31, 2010.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Alberto DiBella	1,000,000	--	$0.40	2012
	--	1,900,000(1)	$0.68	2015
John DiBella	2,000,000	--	$0.15	2012
	1,000,000	--	$0.40	2012

--	2,800,000(1)	$0.68	2015

(1) Effective June 2, 2010, the Company issued options to Alberto DiBella and John DiBella to purchase 1,900,000 and 2,800,000 shares of restricted common stock, respectively. The options are exercisable at $0.68 per share for a period of three years from vesting date. The options contain a cashless exercise provision and vest in three annual tranches. Of the options issued to Alberto DiBella, 1,700,000 are

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exercisable commencing January 30, 2011, 100,000 are exercisable commencing January 30, 2012 and 100,000 are exercisable commencing January 30, 2013. Of the options issued to John DiBella, 2,600,000 are exercisable commencing on January 30, 2011; 100,000 are exercisable on January 30, 2012; and 100,000 are exercisable commencing January 30, 2013. The options were issued in satisfaction of accrued salary and expenses payable to John DiBella and Alberto DiBella in the approximate amounts of $1,046,000 and $693,000, respectively.

The following chart reflects the number of stock options we awarded in 2010 to our executive officers and directors.

Name	Number of Options	Exercise Price per Share	Expiration Date
Alberto DiBella	1,900,000	$ 0.68	1/1/2015
John DiBella	2,800,000	$ 0.68	1/1/2015

Employment agreements

Neither of our executive officers has a written employment agreement with the Company. We currently pay our executive officers $305,000 per annum.

Effective April 30, 2010, the Company issued restricted stock grants to acquire an aggregate of 2,700,000 shares of restricted common stock to employees and consultants, including grants to acquire 1,300,000 shares of common stock to Alberto DiBella and 1,100,000 shares of common stock to John DiBella. The shares subject to the grants to Alberto DiBella are subject to forfeiture as follows: 200,000 shares on April 30, 2011, 300,000 shares on April 30, 2012, 400,000 shares on April 30, 2013 and 400,000 shares on April 30, 2014, in the event Alberto DiBella is no longer a full time employee on such dates. The shares subject to the grants to John DiBella are subject to forfeiture as follows: 200,000 shares on April 30, 2012, 300,000 shares on April 30, 2013, 400,000 shares on April 30, 2014 and 200,000 shares on April 30, 2015, in the event John DiBella is no longer a full time employee on such dates.

On June 2, 2010, the Company issued options to purchase 1,900,000 shares and 2,800,000 shares of our common stock in satisfaction of $693,000 and $1,046,000 accrued salary and expenses payable to Messrs. Alberto DiBella and John DiBella, respectively. The options are exercisable at $0.68 for a three year period commencing on the date such options vest and contain a cashless exercise provision. Of the options issued to Alberto DiBella, 1,700,000 are exercisable commencing January 30, 2011, 100,000 are exercisable commencing January 30, 2012 and 100,000 are exercisable commencing January 30, 2013. Of the options issued to John DiBella, 2,600,000 are exercisable commencing on January 30, 2011; 100,000 are exercisable on January 30, 2012; and 100,000 are exercisable commencing January 30, 2013.

Director Compensation

Directors are not compensated by our Company.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Beneficial Ownership

The table below sets forth information with respect to the beneficial ownership of our securities by: (1) each person known by us to be the beneficial owner of five percent or more of our outstanding securities, and (2) executive officers and directors, individually and as a group. Unless otherwise indicated, we believe that the beneficial owner has sole voting and investment power over such shares. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting or investment power with respect to the securities. To our knowledge, except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table below have sole voting and investment power with respect to all shares of voting stock shown as beneficially owned by them. Except as indicated by footnote, all shares of common stock underlying derivative securities, if any, that are currently exercisable or convertible or are scheduled to become exercisable or convertible for or into shares of common stock within 60 days after the date of the table are deemed to be outstanding for the purpose of calculating the percentage ownership of each listed person or group but are not deemed to be outstanding as to any other person or group. Percentage of Ownership of our common stock is based on 31,590,497 shares of common stock outstanding as of March 31, 2011. The address of each of the following stockholders, unless otherwise indicated below, is 821 N.W. 57th Place, Fort Lauderdale, Florida 33309.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Ownership
Alberto DiBella	3,605,000(1)	11.7%
John DiBella	5,520,616(2)	16.9%
Robert Weinberg 11338 Clover Leaf Circle Boca Raton, FL 33428	2,345,000(3)	9.2%
Peter Chiappetta 2299 NW 62nd Drive Boca Raton, FL 33487	2,678,380	10.4%
All officers and directors as a group (2 persons)	9,125,616(1)(2)	28.6%

(1) Includes 10,000 shares of common stock owned by his wife. Also includes currently exercisable options to purchase 1,000,000 shares of common stock at $0.40 per share. Excludes 1,900,000 shares of common stock underlying options exercisable at $0.68 per share which options vest in three annual tranches, of which 1,700,000 are exercisable commencing January 30, 2011, 100,000 are exercisable commencing January 30, 2012 and 100,000 are exercisable commencing January 30, 2013. Includes restricted stock grants of 1,300,000 shares of common stock which vest through 2014, subject to Mr. DiBella's continued employment with the Company. The grants are subject to forfeiture as follows: 200,000 shares on April 30, 2011, 300,000 shares on April 30, 2012, 400,000 shares on April 30, 2013 and 400,000 shares on April 30, 2014, in the event he is no longer a full time employee on such dates.

(2) Includes currently exercisable options to purchase (i) 1,800,000 shares of common stock at $0.15 per share and (ii) 1,000,000 shares of common stock at $0.40 per share. Excludes 2,800,000 shares of common stock underlying options exercisable at $0.68 per share which options vest in three annual tranches, of which 2,600,000 are exercisable commencing on January 30, 2011; 100,000 are exercisable on January 30, 2012; and 100,000 are

exercisable commencing January 30, 2013. Includes restricted stock grants of 1,100,000 shares of common stock, which vest through 2015, subject to Mr. DiBella's continued employment with the Company. The grants are subject to forfeiture as follows: 200,000 shares on April 30, 2012, 300,000 shares on April 30, 2013, 400,000 shares on April 30, 2014 and 200,000 shares on April 30, 2015, in the event he is no longer a full time employee on such dates.

(3) Includes 1,200,000 shares of common stock owned by Mr. Weinberg's wife.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below provides information pertaining to all compensation plans under which equity securities of our company are authorized for issuance as of the end of the most recent fiscal year.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in 1st column)
Equity compensation plans approved by security holders	0	N/A	0
Equity compensation plans not approved by security holders	9,295,000	$0.49	0
Total	9,295,000		0

Item 13. Certain Relationships and Related Transactions, and Director Independence

The Company has no independent directors.

John DiBella, our Chief Operating Officer and a director is the nephew of Alberto DiBella.

PART IV.

Item 14. Principal Accountant Fees and Services

Year ended December 31, 2010

Audit Fees: The aggregate fees, including expenses, billed by RBSM, LLP, our current principal accountant in connection with the audit of our consolidated financial statements for the fiscal year ended December 31, 2010 and for the review of our financial information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 was $19,000. The aggregate fees billed by Jewett, Schwartz, Wolfe and Associates including expenses in connection with the review of our financial information included in our quarterly reports on Form 10-Q during the fiscal year ending December 31, 2010 was $13,500.

Audit Related Fees: The aggregate fees, including expenses, billed by our principal accountant for services reasonably related to the audit for the year ended December 31, 2010 were $-0-.

Tax Fees: The aggregate fees, billed by our principal accountant for services reasonably related to tax services during the year ended December 31, 2010 were $-0-.

All Other Fees: The aggregate fees, including expenses, billed for all other services rendered to us by our principal accountant during year 2010 was $-0-.

Year ended December 31, 2009

Audit Fees: The aggregate fees, including expenses, billed by Jewett, Schwartz, Wolfe & Associates, our principal accountant in connection with the audit of our consolidated financial statements for the fiscal year ended December 31, 2009 and for the review of our financial information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 was $14,000. The aggregate fees, including expenses, billed by our principal accountant in connection with the review of our financial information included in our quarterly reports on Form 10-Q during the fiscal year ending December 31, 2009 was $10,000.

Audit Related Fees: The aggregate fees, including expenses, billed by our principal accountant for services reasonably related to the audit for the year ended December 31, 2009 were $-0-.

Tax Fees: The aggregate fees, billed by our principal accountant for services reasonably related to tax services during the year ended December 31, 2009 were $-0-.

All Other Fees: The aggregate fees, including expenses, billed for all other services rendered to us by our principal accountant during year 2009 was $-0-.

The Company's Board of Directors acts as an audit committee. The Board of Directors has considered whether the provisions of the services covered above under the captions is compatible with maintaining the auditor's independence and approved such services prior to the services being provided.

Item 15. Exhibits and Financial Data Schedules

(a) Exhibit No. Description of Exhibit

2	Plan of Merger (1)
3(i)	Articles of Incorporation (1)
3(ii)	Bylaws (1)
4	Share Certificate (1)
14	Code of Ethics (2)
16.1	Letter of Former Auditor(3)
21	Subsidiaries (1)
31.1	Rule 13a-14(a)/15d-4(a) Certification of Principal Financial Officer
31.2	Rule 13a-14(a)/15d-4(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer

(1) Previously filed on Form 10-SB Registration Statement, as amended.

(2) Previously filed on Form 10-KSB annual report for the year ended December 31, 2003.

(3) Previously filed on Form 8-K current report dated March 7, 2011.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant caused this report to be signed on its behalf by the undersigned and duly authorized on April 20, 2011.

ENVIRO VORAXIAL TECHNOLOGY, INC.

By: /s/ Alberto DiBella
Alberto DiBella
President and Chief Executive Officer
(Principal Executive Officer and
Principal Financial Officer) and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John DiBella	Chief Operating Officer and Director	April 20, 2011
John DiBella		

ENVIRO VOROXIAL TECHNOLOGY, INC. AND SUBSIDIARY

FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Shareholders and Board of Directors of
Enviro Voraxial Technology, Inc.

We have audited the accompanying consolidated balance sheet of Enviro Voraxial Technology, Inc and Subsidiary ("the Company") as of December 31, 2010 and the related statements of operations, shareholder equity (deficit), and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have nor were we engaged to perform, an audit of its Internal Control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2010 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note B to the financial statements, Enviro Voraxial Technology, Inc and Subsidiary has suffered recurring losses from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ RBSM LLP

New York, NY
April 21, 2011

Report of Independent Registered Public Accounting Firm

To The Shareholders and Board of Directors of

Enviro Voraxial Technology, Inc.

We have audited the accompanying consolidated balance sheet of Enviro Voraxial Technology, Inc and Subsidiary as of December 31, 2009 and the related consolidated statements of operations, changes in shareholders' deficiency and cash flows for year then end. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Enviro Voraxial Technology, Inc and Subsidiary as of December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming that Enviro Voraxial Technology, Inc and Subsidiary will continue as a going concern. As discussed in Note B to the financial statements, Enviro Voraxial Technology, Inc and Subsidiary has suffered recurring losses from operations, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Jewett, Schwartz, Wolfe & Associates

Hollywood, Florida

April 12, 2010

ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

		December 31, 2010		December 31, 2009
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$	442,812	$	59,110
Accounts receivable		277,636		-
Inventory, net		206,563		203,158
Total current assets		927,011		262,268
FIXED ASSETS, NET		158,329		180,946
OTHER ASSETS		13,695		13,695
Total assets	$	1,099,035	$	456,909
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$	987,083	$	1,790,598
Current portion of note payable		30,836		30,836
Total current liabilities		197,919		1,821,434
LONG TERM NOTE PAYABLE		41,028		77,556
Total liabilities		1,058,947		1,898,990
COMMITMENTS AND CONTINGENCIES				
SHAREHOLDERS' EQUITY (DEFICIT):				
Common stock, $.001 par value, 42,750,000 shares authorized; 31,590,497 and 25,268,994 shares issued and outstanding as of December 31, 2010 and 2009, respectively		31,591		25,269
Additional paid-in capital		13,479,038		9,473,710
Deferred compensation		(855,000)		(13,333)
Accumulated deficit		(12,615,540)		(10,927,727)
Total shareholders' equity (deficit)		40,088		(1,442,081)

Total liabilities and shareholders' equity (deficit)	$	1,099,035	$	456,909

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

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

	Years Ended December 31, 2010	2009
Revenues, net	$ 652,437	$ 464,526
Cost of goods sold	132,657	58,209
Gross profit (loss)	519,780	406,317
Costs and expenses:		
General and administrative	1,455,458	711,667
Research and development	744,343	498,624
Total costs and expenses	2,199,801	1,210,291
Loss from operations	(1,680,021)	(803,974)
Other (income) expenses:		
Interest income	19	266
Interest expense	(7,812)	(10,779)
Total other expense	(7,793)	(10,513)
NET LOSS	$ (1,687,814)	$ (814,487)
Weighted average number of common shares outstanding-basic and diluted	27,201,762	25,037,090
Loss per common share - basic and diluted	$ (0.06)	$ (0.03)

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

ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deferred Compensation	Accumulated Deficit	Total
Balance - December 31, 2008	24,631,494	$ 24,630	$ 9,219,348	$ -	$ (10,113,240)	$ (869,262)
Issuance of common stock at $.40 per share	237,500	239	94,762	-	-	95,001
Issuance of common stock for consulting services	200,000	200	79,800	(26,666)	-	53,334
Amortization of deferred compensation	-	-	-	26,666	-	26,666
Issuance of common stock for consulting services	200,000	200	79,800	(26,666)	-	53,334
Amortization of deferred compensation	-	-	-	13,333	-	13,333
Net loss					(814,487)	(814,487)
Balance - December 31, 2009	25,268,994	$ 25,269	$ 9,473,710	$ (13,333)	$ (10,927,727)	$ (1,442,081)
Issuance of common stock at $.25 per share	200,000	200	49,800	-	-	50,000
Issuance of common stock at $.40 per share	300,000	300	119,700			120,000
Issuance of common stock for consulting services	190,000	190	96,710	-	-	96,900
Issuance of common stock for consulting services	100,000	100	37,900	-	-	38,000
Issuance of common stock for consulting services	250,000	250	139,750	-	-	140,000
	1,476,000	1,476	367,524	-	-	369,000

Issuance of common stock at $.25 per share						
Issuance of common stock at $.40 per share	720,000	720	287,280	-	-	288,000
Issuance of common stock for legal services	31,877	32	12,718	-	-	12,750
Issuance of common stock for consulting services	300,000	300	131,700	-	-	132,000
Conversion of warrants to common stock	53,626	54	(54)	-	-	-
Issuance of common stock grants	2,700,000	2,700	1,023,300	(855,000)	-	171,000
Issurance on stock options for accrued salaries			1,739,000			1,739,000
Amortization of deferred compensation	-	-	-	13,333	-	13,333
Net loss					(1,687,814)	(1,687,814)
Balance - December 31, 2010	31,590,497	$ 31,591	$ 13,479,038	$ (855,000)	$ (12,615,541)	$ 40,088

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

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

	For the Years Ended December 31, 2010	2009
Cash Flows From Operating Activities:		
Net loss	$ (1,687,814)	$ (814,487)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	22,617	22,648
Deferred compensation	13,333	(13,333)
Issuance of common stock for consulting services	419,650	160,000
Amortization of deferred stock grant	171,000	-
Changes in assets and liabilities:		
Accounts receivable	(277,636)	25,000
Inventory	(3,405)	(28,577)
Accounts payable and accrued expenses	935,485	614,510
Net cash used in operating activities	(406,770)	(34,239)
Cash Flows From Financing Activities:		
Repayments toward notes payable	(36,528)	(33,561)
Proceeds from sales of common stock	827,000	95,000
Net cash provided by financing activities	790,472	61,439
Net increase in cash and cash equivalents	383,702	27,200
Cash and cash equivalents, beginning of period	59,110	31,910
Cash and cash equivalents, end of period	$ 442,812	$ 59,110
Supplemental Disclosures		
Cash paid during the year for interest	$ 7,812	$ 10,779
Cash paid during the year for taxes	$ -	$ -
Non-cash investing and financing activities:		

Common stock issued for conversion of accrued salary	$	1,739,000	$	-

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

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ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 now manufactures and sells its patented technology, the Voraxial(R) Separator, a technology that efficiently separates liquid/liquid, liquid/solid or liquid/liquid/solid fluid streams with distinct specific gravities. Current and potential commercial applications and markets include oil exploration and production, oil refineries, mining, manufacturing, waste-to-energy and food processing industry.

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 sales and marketing efforts will be successful enough to achieve a level of revenue sufficient to provide cash inflows to sustain operations; however the Company has begun commercializing the Voraxial and is experiencing an increase in revenues that is forecast to continue in 2011. The Company will continue to require the infusion of capital until operations become profitable. During the remainder of 2011, the Company anticipates seeking additional capital for growth and the increase in sales of the Voraxial Separator. 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

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.

ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Revenue Recognition

The Company derives its revenue from the sale and short-term rental of the Voraxial Separator. The Company presents revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 605 "Revenue Recognition in Financial Statements". Under Revenue Recognition in Financial Statements, revenue is realized when persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured.

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 order, revenue is deferred until we have evidence of customer order and all terms of the agreement have been complied with. There were no agreements with such provisions as of December 31, 2010.

The Company recognizes revenue from the short term rental of equipment, ratably over the life of the agreement, which is usually three to nine 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 December 31, 2010, approximate their fair value because of their relatively short-term nature.

ASC 820 “Disclosures about Fair Value of Financial Instruments,” requires disclosures of information regarding the fair value of certain financial instruments for which it is practicable to estimate the value. For purpose of this disclosure, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale of liquidation.

The Company accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. We categorize each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1—inputs are based upon unadjusted quoted prices for identical instruments traded in active markets. We have no Level 1 instruments as of December 31, 2010.

Level 2—inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the

ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, foreign exchange rates, and forward and spot prices for currencies and commodities. We have no Level 2 instruments as of December 31, 2010.

Level 3—inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. We have no Level 3 instruments as of December 31, 2010.

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.

Inventory

The Company presents inventory in accordance with ASC 330 "Inventory". Inventory consists of components for the Voraxial Separator and is priced at lower of cost or market. Inventory may include units being rented on a short term basis or 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. The third parties do not have a contractual obligation to purchase the equipment. The Company maintains the title and risk of loss. Therefore, these units are included in the inventory of the Company. As of December 31, 2010, there were no such components held by third parties.

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

The Company follows ASC 260 "Earnings per share" to calculate its 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.

ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

Warrants	2,024,982
Stock options	9,295,000
	11,319,982

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 includes 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.

Stock-Based Compensation

The Company adopted ASC Topic 718 formerly Statement of Financial Account Standard (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 ASC Topic 718 formerly 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 ASC Topic 718 formerly SFAS No. 123, "Accounting for Stock-Based

ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," which was released in December 2002 as an amendment of ASC Topic 718 formerly 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 E.

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 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. The Company has no such assets and, therefore, no impairments of long-lived assets were recorded as of December 31, 2010.

NOTE D – RECENT ACCOUNTING PRONOUNCEMENT

In May 2010, the FASB issued ASC 855, Subsequent Events, which provides guidance on events that occur after the balance sheet date but prior to the issuance of the financial statements. ASC 855 distinguishes events requiring recognition in the financial statements and those that may require disclosure in the financial statements. Furthermore, ASC 855 requires disclosure of the date through which subsequent events were evaluated. These requirements are effective for interim and annual periods after June 15, 2010. We adopted these requirements for the year ended December 31, 2010, and have evaluated subsequent events through .

In August 2010, the FASB issued ASU 2010-05 which includes amendments to Subtopic 820-10, “Fair Value Measurements and Disclosures—Overall”. The update provides clarification that in circumstances, in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the techniques provided for in this update. The amendments in this ASU clarify that a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability and also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The guidance provided in this ASU is effective for the first reporting period, including interim periods, beginning after issuance. The adoption of this standard did not have a material impact on the Company’s financial position and results of operations.

ENVIRO VORAXIAL TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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In September 2010, the FASB has published ASU No. 2010-12, “Fair Value Measurements and Disclosures (Topic 820) - Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)”. This ASU amends Subtopic 820-10, “Fair Value Measurements and Disclosures – Overall”, to permit a reporting entity to measure the fair value of certain investments on the basis of the net asset value per share of the investment (or its equivalent).

This ASU also requires new disclosures, by major category of investments including the attributes of investments within the scope of this amendment to the Codification. The guidance in this Update is effective for interim and annual periods ending after December 15, 2010. Early application is permitted. The adoption of this standard did not have an impact on the Company’s financial position and results of operations.

NOTE E - FIXED ASSETS

Fixed assets as of December 31 consists of:

	2010	2009
Machinery and equipment	$ 495,372	$ 495,372
Furniture and fixtures	14,498	14,498
Autos and Trucks	5,294	5,294
Total	515,164	515,164
Less: accumulated depreciation	(356,835)	(334,218)
Fixed Assets, net	$ 158,329	$ 180,946

Depreciation expense amounted to $22,617 and $22,648 for the years ended December 31, 2010 and 2009 respectively.

NOTE F – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Significant components of accounts payable and accrued expenses at December 31, 2010 and 2009 consist of:

	2010	2009
Trade payables	$ 116,498	$ 150,321
Accrued officers’ compensation	306,585	1,629,655
Customer deposits	564,000	10,622
	$ 987,083	$ 1,790,598

NOTE G – NOTES PAYABLE

	2010	2009
Notes payable to finance companies, due in monthly installments of $3,695, including principal and interest at prime plus .25% collateralized by certain equipment	$ 77,556	$ 108,392
Less current portion	(30,836)	(30,836)

Long term debt	$	41,020	$	77,556

The Company has recorded interest expense of $7,812 and $10,779 for the years ended December 31, 2010 and 2009.

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Payments of long term debt over the next three years are due as follows:

Year Ending

2011	$	30,836
2012		30,836
2013		15,884
Thereafter		
	$	77,556

NOTE H - RELATED PARTY TRANSACTIONS

For the year ended December 31, 2010, the Company incurred consulting expenses from its chief executive officer of the Company of $305,000. Of these amounts, $276,631 has been paid for the year ended December 31, 2010. The unpaid balance has been included in accrued expenses.

For the year ended December 31, 2010, the Company incurred salary expenses from the vice president of the Company of $305,000. Of these amounts, $128,000has been paid for the year ended December 31, 2010. The unpaid balance has been included in accrued expenses.

NOTE I - CAPITAL TRANSACTIONS

Common stock

During the three month period ended March 31, 2010, the Company received $50,000 from three accredited investors that purchased an aggregate of 200,000 shares of the Company's restricted common stock at $0.25 per share and warrants to purchase 100,000 shares of common stock exercisable at $0.60 per share. The transactions were exempt from registration under Section 4(2) of the Securities Act. The investors received information concerning the Company and had the opportunity to ask questions concerning the viability of the Company. The shares and warrants contain legends restricting their transferability absent registration or applicable exemption.

During the three months ended March 31, 2010, the Company issued an aggregate of 190,000 shares of common stock to two consultants in consideration for consulting services. The shares were valued at $.51 per share, for a total of $96,900. The shares of common stock were issued under the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption

Effective April 30, 2010, the Company issued restricted stock grants to acquire an aggregate of 2,700,000 shares of restricted common stock to employees and consultants, including grants to acquire 1,300,000 shares of common stock to Alberto DiBella and 1,100,000 shares of common stock to John DiBella. The shares subject to the grants to Alberto DiBella are subject to forfeiture as follows: 200,000 shares on April 30, 2011, 300,000 shares on April 30, 2012, 400,000 shares on April 30, 2013 and 400,000 shares on April 30, 2014, in the event Alberto DiBella is no longer a full time employee on such dates. The shares subject to the grants to John DiBella are subject to forfeiture as follows: 200,000 shares on April 30, 2012, 300,000

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shares on April 30, 2013, 400,000 shares on April 30, 2014 and 200,000 shares on April 30, 2015, in the event John DiBella is no longer a full time employee on such dates. The remaining 300,000 stock grants are subject to forfeiture as follows: 100,000 shares on April 30, 2012, 100,000 shares on April 30, 2013, 100,000 shares on April 30, 2014. The stock grants were valued at $.38 per share and are amortized over the term of the stock grant. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

Effective April 30, 2010, the Company issued a stock grant of 100,000 shares of common stock to a consultant for services provided to the Company. The grant was valued at $.38 per share and was immediately vested. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

Effective May 13, 2010, the Company issued an aggregate of 250,000 shares of common stock to two service providers in consideration of services provided. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

On May 28, 2010, the Company completed a private placement of its securities under which it issued an aggregate of 1,476,000 shares of its common stock and warrants exercisable to purchase 738,000 shares of common stock to 22 accredited investors. The warrants are exercisable for a period of six months from the completion of the private placement at an exercise price of $0.60 per share. The Company received gross proceeds of $399,000 from the sale of the securities. No commissions were paid in connection with the private placement. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

Effective June 2, 2010, the Company issued options to Alberto DiBella and John DiBella to purchase 1,900,000 and 2,800,000 shares of restricted common stock, respectively. The options are exercisable at $0.68 per share for a period of three years from vesting date. The options contain a cashless exercise provision and vest in three annual tranches. Of the options issued to Alberto DiBella, 1,700,000 are exercisable commencing January 30, 2011, 100,000 are exercisable commencing January 30, 2012 and 100,000 are exercisable commencing January 30, 2013. Of the options issued to John DiBella, 2,600,000 are exercisable commencing on January 30, 2011; 100,000 are exercisable on January 30, 2012; and 100,000 are exercisable commencing January 30, 2013. The options were issued in satisfaction of accrued salary and expenses payable to John DiBella and Alberto DiBella in the approximate amounts of $1,046,000 and $693,000, respectively. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act. The securities may not be transferred absent registration or applicable exemption.

On July 13, 2010, the Company issued an aggregate of 300,000 shares of its common stock to two investors in consideration of $120,000. No fees or commissions were paid in connection with the sales to the investors. The shares of common stock were issued under the

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exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption. The investors had access to current information concerning the Company and had the opportunity to ask questions about the Company. On August 5, 2010, the Company issued an aggregate of 53,626 shares of common stock to GVC Capital LLC (formerly known as Bathgate Capital Partners) and its affiliates pursuant to the exercise of 265,250 warrants previously issued to Bathgate Capital Partners. The warrants contained a cashless exercise provision. The shares of common stock issued pursuant to the exercise of the warrants were issued under the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption.

On August 10, 2010, the Company completed a private placement of its common stock under which it issued an aggregate of 720,000 shares of its common stock to 8 accredited investors. The Company received gross proceeds of $288,000 from the sale of the common stock. Under the terms of the offering the Company paid commissions and fees of approximately $23,040 to a registered broker dealer. The securities were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act and Regulation D, Rule 506, promulgated thereunder. The securities may not be transferred absent registration or applicable exemption.

On August 30, 2010, the Company issued an aggregate of 31,877 shares of common stock in consideration of legal services provided and to be provided by outside legal counsel. The shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption.

On August 31, 2010, the Company issued 300,000 shares of common stock to a consultant in consideration for consulting services. The shares of common stock were issued under the exemption from registration provided by Section 4(2) of the Securities Act. The shares issued contain a legend restricting their transferability absent registration or applicable exemption.

Warrants

In October 2010, the Company extended the exercisable life of certain warrants issued to investors to purchase an aggregate of 1,033,333 shares of common stock issued in 2002 for a period of one year. The warrants now expire in October 2011. The purchase price of these warrants are $1.00 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 one year.

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Information with respect to warrants outstanding and exercisable at December 31, 2010 is as follows:

	Number Outstanding	Range of Exercise Price	Number Exercisable
Balance, December 31, 2008	5,438,715	$1.38	5,430,715
Issued	118,750	$0.60	118,75 0
Expired	--	--	--
Balance, December 31, 2009	5,557,465	$1.36	5,557,465
Issued	872,900	$0.60	872,900
Exercised	(530,500)	(0)	(530,500)
Expired	(3,756,133)	--	(3,756,133)
Balance, December 31, 2010	2,024,982	$0.83	2,024,982

The following table summarizes information about the stock options outstanding at December 31, 2010:

Exercise Price	Number Outstanding at December 31, 2010	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at December 31, 2010	Weighted Average Exercise Price
$0.30	45,000	.10	$0.30	45,000	$0.30
0.77	200,000	.75	0.77	200,000	0.77
0.15	2,000,000	2.00	0.15	2,000,000	0.15
0.40	2,350,000	1.00	.40	2,350,000	0.40
$0.68	4,700,000	2.5	$0.68	0	$0.68
	9,295,000			4,595,000	

Information with respect to options outstanding and exercisable at December 31, 2010 is as follows:

	Number Outstanding	Range of Exercise Price	Number Exercisable
Balance, December 31, 2008	4,675,000	$0.15 - $1.00	4,675,000
Issued	0	0	0
Expired	(0)	(0)	(0)
Balance, December 31, 2009	4,675,000	$0.15 - $1.00	4,675,000
Issued	4,700,000	$.68	0
Exercised	(0)	(0)	(0)
Expired	(80,000)	$0.71 - $1.00	(80,000)
Balance, December 31, 2010	9,295,000	$0.15 - $1.00	4,595,000

NOTE J - COMMITMENTS AND CONTINGENCIES

Employment Agreements

The Company entered into an employment agreement dated January 17, 2002 with an individual to serve as the Vice President and Director of Business Development. The agreement provides for a contingent bonus to be paid to this employee in the amount of $300,000 to improve the financial condition of the Company. Such bonus is payable upon the Company obtaining a total of $3 million of financing or when revenue exceeds $1 million. In 2002, this individual was granted stock options to purchase 2 million shares of common stock with an exercise price of $0.15 per share. The market price at the date of grant was $0.12 per share.

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Operating Lease

The Company leases office and warehouse space in Ft. Lauderdale, Florida under a business lease agreement for a one-year term ending in September 2010. The Company has extended the lease for an additional twelve months, with the option to cancel the lease with 3 months notice.

NOTE K - MAJOR CUSTOMERS

For the year ended December 31, 2010, two customers accounted for approximately 76.2% of revenues and 86.4% of the total outstanding accounts receivable. For the year ended December 31, 2009, three customers accounted for approximately 93.9% of revenues.

Major customer concentrations as of and for the year ended December 31, 2010 are as follows:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
A	$ 400,000	61.3%	$ 240,000	86.4%
B	$ 97,000	14.9%	$ -	-%

Major customer concentrations as of and for the year ended December 31, 2010 are as follows:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
C	$ 321,317	68.2%	$ -	- %
D	$ 69,773	14.8%	$ -	- %
E	$ 51,145	10.9%	$ -	- %

NOTE L – INCOME TAX

At December 31, 2010 we had deferred tax assets principally arising from the net operating loss carry forwards for income tax purposes multiplied by an approximate expected rate of 40.5%. As management of the Company cannot determine that it is more likely than not that we will realize
the benefit of the deferred tax assets, a valuation allowance equal to the deferred tax asset has be established at December 31, 2010.

The significant components of the deferred tax asset at December 31, 2010 and 2009 were as follows:

	December 31, 2010	December 31, 2009
Current Deferred benefit	$503,000	$ 597,750
	503,000	597,750

Valuation allowance		(503,000)		(597,750)
(Benefit) provision for income taxes, net	$	-	$	-

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

	December 31,	
	2010	2009
Combined statutory income tax rate	40.5%	40.5%
Valuation allowance	(40.5)%	40.5%
Effective tax rate	-	-

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Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The effects of temporary differences that gave rise to deferred tax assets are as follows:

	December 31,			
		2010		2008
Net operating loss carry-forward	$	1,974,000	$	$1,471,000
Valuation allowance		(1,974,000)		(1,471,000)
Deferred income tax asset	$	-	$	-

The Company has made a 100% valuation allowance of the deferred income tax asset at December 31, 2010, as it is not expected that the deferred tax assets will be realized. The Company has a net operating loss carryforward of $4,875,000 available to offset future taxable income through 2030.