

POWER EFFICIENCY CORP  
Form 10-Q  
August 16, 2010

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: June 30, 2010

OR

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

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

Commission File No. 0-31805

POWER EFFICIENCY CORPORATION  
(Exact Name of Issuer as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

22-3337365  
(I.R.S. Employer Identification No.)

3960 Howard Hughes Pkwy, Suite 460  
Las Vegas, NV 89169  
(Address of Principal Executive Offices)

(702) 697-0377  
(Issuer's Telephone Number,  
Including Area Code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer  Accelerated filer  Non-Accelerated filer  Smaller reporting company

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

The number of shares of common stock outstanding as of August 10, 2010 was 45,119,984.

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

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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 " No "

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POWER EFFICIENCY CORPORATION  
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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

POWER EFFICIENCY CORPORATION  
CONDENSED BALANCE SHEET

Unaudited

	June 30, 2010	December 31, 2009
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 4,052,378	\$ 247,564
Accounts receivable, net	92,101	66,143
Inventory	200,900	281,253
Prepaid expenses and other current assets	90,404	36,437
Total Current Assets	4,435,783	631,397
PROPERTY AND EQUIPMENT, net	61,542	86,533
<b>OTHER ASSETS:</b>		
Patents, net	97,785	86,342
Deposits	26,914	26,914
Goodwill	1,929,963	1,929,963
Total Other Assets	2,054,662	2,043,219
<b>Total Assets</b>	<b>\$ 6,551,987</b>	<b>\$ 2,761,149</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 944,877	\$ 722,195
Warrant liability	4,745	828,827
Total Current Liabilities	949,622	1,551,002
<b>LONG TERM LIABILITIES</b>		
Deferred rent	4,816	8,918
Deferred tax liability	424,540	399,567
Total Long Term Liabilities	429,356	408,485
<b>Total Liabilities</b>	<b>1,378,978</b>	<b>1,959,507</b>
<b>COMMITMENTS (Note 10)</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Series B, C-1 and D Convertible Preferred Stock, \$.001 par value, 10,000,000 shares authorized, 488,377 and 170,250 issued and outstanding in 2010 and 2009, respectively	488	170
Common stock, \$.001 par value, 140,000,000 shares authorized, 45,119,984 and 44,825,886 issued and outstanding 43,255,441 issued and outstanding in 2010 and 2009, respectively	45,120	44,826
Additional paid-in capital	45,783,013	36,797,628
Accumulated deficit	(40,655,612)	(36,040,982)
<b>Total Stockholders' Equity</b>	<b>5,173,009</b>	<b>801,642</b>

Total Liabilities and Stockholders' Equity	\$ 6,551,987	\$ 2,761,149
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Accompanying notes are an integral part of the financial statements

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POWER EFFICIENCY CORPORATION  
 CONDENSED STATEMENTS OF OPERATIONS  
 Unaudited

	For the three months ended		For the six months ended	
	2010	June 30, 2009 (As Adjusted)	2010	June 30, 2009 (As Adjusted)
REVENUES	\$ 125,575	\$ 75,393	\$ 235,605	\$ 122,540
COST OF REVENUES	108,752	49,556	201,022	77,670
GROSS PROFIT	16,823			