

ENVIRO VORAXIAL TECHNOLOGY INC  
Form 10-Q  
August 17, 2017

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

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

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

Commission File Number: 0-27445

**Enviro Voraxial Technology, Inc.**

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

IDAHO 82-0266517  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

821 NW 57<sup>th</sup> Place, Fort Lauderdale, Florida 33309  
(Address of principal executive offices)

(954) 958-9968  
(Issuer's telephone number)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by checkmark if the registrant has not elected to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 7(a)(2)(B) of the Securities Act:

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

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: August 9, 2017, we had 33,534,497 shares of our Common Stock outstanding.

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PART I. **CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

**Item 1.** Financial Statements.

**ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

|   | June 30,<br>2017<br>(unaudited) | December 31,<br>2016 |
|---|---------------------------------|----------------------|
| <b>ASSETS</b>   |                                 |                      |
| <b>CURRENT ASSETS:</b>                                |                                 |                      |
| Cash and cash equivalents                             | \$2,290,816                     | \$40,973             |
| Prepaid expenses                                      | 9,929                           | —                    |
| Accounts receivable, net                              | 46,298                          | 1,452                |
| Inventory, net  | 73,318                          | 76,897               |
| Total current assets                                  | 2,420,361                       | 119,322              |
| <b>FIXED ASSETS, NET</b>                              | 33                              | 11,017               |
| <b>OTHER ASSETS</b>                                   | 10,026                          | 10,026               |
| Total assets  | \$2,430,420                     | \$140,365            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b> |                                 |                      |
| <b>CURRENT LIABILITIES:</b>                           |                                 |                      |
| Accounts payable and accrued expenses                 | \$270,152                       | \$480,057            |
| Accrued Expenses – related party                      | 1,630,516                       | 1,643,408            |
| Deposits  | 32,090                          | 95,690               |
| Total liabilities                                     | 1,932,758                       | 2,219,155            |
| <b>COMMITMENTS AND CONTINGENCIES (See Note G)</b>     | —                               | —                    |
| <b>SHAREHOLDERS' EQUITY (DEFICIT):</b>                |                                 |                      |

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|  |              |              |
|--|--------------|--------------|
| Common stock, \$.001 par value, 42,750,000 shares authorized;<br>33,534,497 and 33,464,497 shares issued and outstanding | 33,535       | 33,465       |
| as of June 30, 2017 and December 31, 2016  |              |              |
| Additional paid-in capital   | 14,949,139   | 14,947,209   |
| Accumulated deficit  | (14,485,012) | (17,059,464) |
| Total shareholders' equity (deficit)   | 497,662      | (2,078,790 ) |
| Total liabilities and shareholders' equity (deficit)   | \$2,430,420  | \$ 140,365   |

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**ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

|  | Three Months Ended June<br>30, |              | Six Months Ended June 30, |              |
|--|--------------------------------|--------------|---------------------------|--------------|
|  | 2017                           | 2016         | 2017                      | 2016         |
| Revenues, net  | \$29,061                       | \$9,552      | \$120,412                 | \$63,490     |
| Cost of goods sold                                   | 18,404                         | 11,323       | 42,563                    | 11,323       |
| Gross profit   | 10,657                         | (1,771 )     | 77,849                    | 52,167       |
| Costs and expenses:                                  |                                |              |                           |              |
| General and administrative                           | 63,356                         | 91,267       | 124,046                   | 179,113      |
| Professional Fees                                    | 21,637                         | —            | 33,969                    | —            |
| Payroll expenses                                     | 114,924                        | 107,524      | 232,035                   | 214,501      |
| Total costs and expenses                             | 199,917                        | 198,791      | 390,050                   | 393,614      |
| Loss from operations                                 | (189,260 )                     | (200,562 )   | (312,201 )                | (341,447 )   |
| Other income (expenses):                             |                                |              |                           |              |
| Sale – intellectual property                         | 2,920,000                      | —            | 2,920,000                 | —            |
| Loss on transfer of leased assets                    | —                              | (91,400 )    | —                         | (91,400 )    |
| Interest expense                                     | (18,302 )                      | (4,420 )     | (33,347 )                 | (9,420 )     |
| Total other income (expense)                         | 2,901,698                      | (95,820 )    | 2,886,653                 | (100,820 )   |
| Net income (loss) before provisions for income taxes | 2,712,438                      | (296,382 )   | 2,574,452                 | (442,267 )   |
|  | —                              | —            | —                         | —            |
| Provisions for income taxes                          |                                |              |                           |              |
| NET INCOME (LOSS)                                    | \$2,712,438                    | \$(296,382 ) | \$2,574,452               | \$(442,267 ) |
| Net Income (loss) per share                          |                                |              |                           |              |
| Basic  | \$0.08                         | \$(0.01 )    | \$0.08                    | \$(0.01 )    |
| Diluted  | \$0.06                         | \$(0.01 )    | \$0.06                    | \$(0.01 )    |

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|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Weighted average number of shares outstanding |            |            |            |            |
|   | 35,522,849 | 33,464,497 | 33,509,304 | 33,464,497 |
| Basic   |            |            |            |            |
| Diluted                                       | 44,294,849 | 33,464,497 | 43,608,054 | 33,464,497 |

**ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE SIX MONTHS ENDED JUNE 30, 2017**

**(Unaudited)**

|                                       | Common Stock |          | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Total         |
|---------------------------------------|--------------|----------|----------------------------------|------------------------|---------------|
|                                       | Shares       | Amount   |                                  |                        |               |
| Balance - December 31, 2016           | 33,464,497   | \$33,465 | \$14,947,209                     | \$(17,059,464)         | \$(2,078,790) |
| Issuance of common stock for interest | 70,000       | 70       | 1,930                            | —                      | 2,000         |
| Net Income                            | —            | —        | —                                | 2,574,452              | 2,574,452     |
| Balance - June 30, 2017               | 33,534,497   | \$33,535 | \$14,949,139                     | \$(14,485,012)         | \$497,662     |

## ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

|  | Six Months Ended June<br>30, |             |
|--|------------------------------|-------------|
|  | 2017                         | 2016        |
| Cash Flows From Operating Activities:  |                              |             |
| Net income (loss)  | \$2,574,452                  | \$(442,267) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                              |             |
| Depreciation   | 10,984                       | 11,018      |
| Issuance of Common Stock for interest  | 2,000                        | —           |
| Amortization of debt discount  | —                            | —           |
| Changes in assets and liabilities:   |                              |             |
| Accounts receivable  | (44,846 )                    | 88,287      |
| Inventory  | 3,579                        | 45,398      |
| Prepaid expenses   | (9,929 )                     | —           |
| Accounts payable and accrued expenses and deposits                                       | (304,652 )                   | 335,591     |
| Net cash provided by operating activities  | 2,231,588                    | 38,027      |
| Cash Flows From Investing Activities:  |                              |             |
|  | —                            | —           |
| Cash Flows From Financing Activities:  |                              |             |
| Advances from related party  | 46,354                       | —           |
| Repayments to related party  | (28,099 )                    | —           |
| Repayments of notes payable  | (220,000 )                   | —           |
| Note payable issuances   | 220,000                      | —           |
| Net cash provided by financing activities  | 18,255                       | —           |
| Net increase in cash and cash equivalents  | 2,249,843                    | 38,027      |
| Cash and cash equivalents, beginning of period   | 40,973                       | 73,713      |
| Cash and cash equivalents, end of period   | \$2,290,816                  | \$111,740   |
| Supplemental Disclosures   |                              |             |
| Cash paid during the period for interest   | \$33,347                     | \$9,420     |
| Cash paid during the period for taxes  | \$—                          | \$—         |
| Supplemental Disclosures of non-cash investing & financing activities:                   |                              |             |
|  | \$2,000                      | \$—         |



Stock issued with notes payable

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**ENVIRO VORAXIAL TECHNOLOGY, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017 (UNAUDITED)**

**NOTE A - ORGANIZATION AND OPERATIONS**

Organization

Enviro Voraxial Technology, Inc., an Idaho corporation (the “Company”), is a provider of environmental and industrial separation technology. The Company developed, and now manufactures and sells the Voraxial® Separator, a patented technology that efficiently separates liquid/liquid, liquid/solid or liquid/liquid/solid fluid streams with distinct specific gravities. The technology was patented by the Company and sold to Schlumberger Technology Corporation, a Texas corporation, Schlumberger Canada Limited, a Canadian entity, and Schlumberger B.V., an entity organized under the laws of the Netherlands (collectively, “Schlumberger”) on June 8, 2017. Current and potential commercial applications and markets include oil exploration and production, oil refineries, oil spill, mining, sewage, manufacturing, waste-to-energy and food processing industry.

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

**NOTE B - LIQUIDITY**

While the Company has historically experienced recurring net losses, on June 8, 2017, the Company completed a Technology Purchase Agreement with Schlumberger for the sale of the Company’s intellectual property in consideration of up to \$4,000,000, of which \$3,000,000 was paid at closing and \$1,000,000 is payable upon the completion of both: (i) the complete transfer of the intellectual property to Schlumberger; and (ii) the provision to transfer information, assets and services to Schlumberger, which is estimated to be approximately 12 months from the closing date. In addition, at closing FPA entered into a Framework Agreement (the “Supply Agreement”) with Cameron Solutions, Inc. (“Cameron Solutions”), a Houston, Texas-based company engaged in the development, manufacture and sale of equipment used in the oil and gas industry. Under the terms of the three-year Supply Agreement, FPA is the exclusive supplier to Cameron Solutions of certain Voraxial series products for use in the oil and gas industry. Pursuant to the Technology Purchase Agreement, Schlumberger also granted us a non-exclusive, worldwide,

royalty-free licenses (the “Grant Back Licenses”) for the sale of Voraxial products outside the oil and gas industry. Our management believes that the Grant Back License will provide us the opportunity to possibly leverage future Schlumberger sales in the oil and gas market to penetrate the sale and use of licensed Voraxial products to other industries, including, but not limited to mining, sewage and wastewater. We believe that including our current cash resources and anticipated revenue to be generated under the Grant Back Licenses and Supply Agreement, we will have sufficient resources to continue business operations in excess of 12 months.

#### NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Interim Financial Statements

The interim financial statements presented herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The interim financial statements should be read in conjunction with the company’s annual financial statements, notes and accounting policies included in the company’s annual report on Form 10-K for the year ended December 31, 2016, as filed with the SEC. In the opinion of management, all

**ENVIRO VORAXIAL TECHNOLOGY, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017 (UNAUDITED)**

adjustments, which are necessary to provide a fair presentation of financial position as of June 30, 2017, and the related operating results and cash flows for the interim period presented, have been made. The results of operations, for the period presented are not necessarily indicative of the results to be expected for the year.

Principles of Consolidation

The unaudited condensed 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. Significant estimates include allowance for doubtful accounts, deferred tax asset, allowance for inventory obsolescence and valuation of stock-based compensation.

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 FASB new codification of "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. As of June 30, 2017 and December 31, 2016, there was \$32,090 and \$95,690, respectively, of deposits from customers.

The Company recognizes revenue from the short term rental of equipment, ratably over the life of the agreement, which is usually one to twelve 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 June 30, 2017 and December 31, 2016, approximate their fair value because of their relatively short-term nature.

“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.

**ENVIRO VORAXIAL TECHNOLOGY, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017 (UNAUDITED)**

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 is 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 June 30, 2017 and December 31, 2016.

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 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 June 30, 2017 and December 31, 2016.

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 June 30, 2017 and December 31, 2016.

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 (“FDIC”) limits. As of June 30, 2017 the Company has a cash concentration of \$2,072,652 in excess of FDIC limits.

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 June 30, 2017 and December 31, 2016:

|                 | June 30, December |           |
|-----------------|-------------------|-----------|
|                 | 2017              | 31, 2016  |
| Raw materials   | \$64,847          | \$ 64,847 |
| Work in process | —                 | —         |
| Finished goods  | 8,471             | 12,050    |
| Total           | \$73,318          | \$ 76,897 |

#### 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

**ENVIRO VORAXIAL TECHNOLOGY, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017 (UNAUDITED)**

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 INCOME (Loss) Per Share

In accordance with the accounting guidance now codified as FASB ASC Topic 260, “*Earnings per Share*” basic earnings (loss) per share is computed by dividing net income (loss) by weighted average number of shares of common stock outstanding during each period. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period.

Since the Company reflected a net loss for the six months ended June 30, 2017 and 2016, the effect of 0 and 13,465,000 options, respectively, is anti-dilutive. A separate computation of diluted earnings (loss) per share is presented using the treasury stock method.

Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 (“ASC 740-10-25”). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Business Segments

The Company operates in one segment and therefore segment information is not presented.



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.

**ENVIRO VORAXIAL TECHNOLOGY, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017 (UNAUDITED)**

Reclassifications

Certain amounts from prior periods have been reclassified to conform to the current period presentation. These reclassifications had no impact on the Company's net loss or cashflows.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which will amend current lease accounting to require lessees to recognize (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 does not significantly change lease accounting requirements applicable to lessors; however, certain changes were made to align, where necessary, lessor accounting with the lessee accounting model. This standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently reviewing the provisions of this ASU to determine if there will be any impact on our results of operations, cash flows or financial condition.

Recent accounting pronouncements issued by the FASB, the AICPA and the SEC, did not, or are not believed by management, to have a material impact on the Company's present or future financial statements, except as follows:

In August 2015, FASB issued Accounting Standards Update ("ASU") No. 2015-14, "*Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*" defers the effective date ASU No. 2014-09 for all entities by one year. Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in Update 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. All other entities should apply the guidance in Update 2014-09 to annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. All other entities may apply the guidance in ASU No. 2014-09 earlier as of an annual reporting period beginning after December 15, 2016, including interim reporting periods within that reporting period. All other entities also may apply the guidance in Update 2014-09 earlier as of an annual reporting period beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the guidance in ASU No. 2014-09. We are currently reviewing the provisions of this ASU to determine if there

will be any impact on our results of operations, cash flows or financial condition.

All other newly issued accounting pronouncements, but not yet effective, have been deemed either immaterial or not applicable.

#### NOTE D - RELATED PARTY TRANSACTIONS

For the six months ended June 30, 2017, the Company incurred salary expenses from the Chief Executive Officer of the Company of \$152,500. Of these amounts, \$5,000 has been paid for the six months ended June 30, 2017. The total unpaid balance as of June 30, 2017 is \$1,612,261 and is included in accrued expenses – related party. For the six months ended June 30, 2016, the Company incurred salary expenses from the Chief Executive Officer of the Company of \$152,500. Of these amounts, \$7,500 had been paid for the six months ended June 30, 2016. The total unpaid balance as of June 30, 2016 is \$1,489,186 and is included in accrued expenses – related party.

**ENVIRO VORAXIAL TECHNOLOGY, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017 (UNAUDITED)**

During the six months ended June 30, 2017, the CEO advanced \$46,354 to the company for working capital, of which \$28,099 was repaid. This advance is non-interest bearing and due on demand.

**NOTE E – NOTES PAYABLE**

On February 3, 2017, the Company received an advance of \$150,000 from a third party investor pursuant to a \$165,000 discounted promissory note. The company shall pay interest to the noteholder on the principal face amount of \$165,000 at a rate of 2.5% per month in the event the note is not repaid on or before May 31, 2017. As additional consideration for the advance, the Company issued the third party 50,000 shares of the Company's common stock. As of June 30, 2017, this notes had been repaid in full. See Note F.

On May 15, 2017, the Company received an advance of \$35,000 from two third-party investors pursuant to two \$37,000 discounted promissory notes. The Company shall pay interest to the noteholder on the principal face amount of \$37,000 at a rate of 2.5% per month in the event the note is not repaid on or before May 14, 2018. As additional consideration for the advance, the Company issued the third parties 10,000 shares each of the Company's common stock. As of June 30, 2017, both notes have been repaid in full. See Note F.

**NOTE F -- CAPITAL TRANSACTIONS**

As disclosed under Note E, on February 3, 2017, the Company received an advance of \$150,000 from a third party investor pursuant to a \$165,000 discounted promissory note. As additional consideration for the advance, the Company issued the third party 50,000 shares of the Company's common stock. The shares were recorded at their fair value of \$1,000 on the date of issuance.

As disclosed under Note E, on May 15, 2017, the Company received an advance of \$35,000 from two third-party investors pursuant to a \$37,000 discounted promissory note. As additional consideration for the advance, the Company issued each third party 10,000 shares of the Company's common stock. The shares were recorded at their fair value of \$500 per issuance on the date of issuance.

## Warrants and Stock Options

The Company follows the provisions of ASC Topic 718, “Compensation – Stock Compensation.” ASC Topic 718 establishes standards surrounding the accounting for transactions in which an entity exchanges its equity instruments for goods or services. ASC Topic 718 focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company’s stock options and warrants have characteristics different from those of its traded stock, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management’s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of such stock options. The risk free interest rate is based upon quoted market yields for United States Treasury debt securities with a term similar to the expected term. The expected dividend yield is based upon the Company’s history of having never issued a dividend and management’s current expectation of future action surrounding dividends. Expected volatility was based on historical data for the trading of our stock on the open market. The expected lives for such grants were based on the simplified method for employees and officers.

**ENVIRO VORAXIAL TECHNOLOGY, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2017 (UNAUDITED)**

Information with respect to options outstanding and exercisable at June 30, 2017 is as follows:

|                            | Number<br>Outstanding | Exercise<br>Price | Number<br>Exercisable |
|----------------------------|-----------------------|-------------------|-----------------------|
| Balance, December 31, 2016 | 13,465,000            | \$ 0.01           | 13,465,000            |
| Issued                     | —                     | —                 | —                     |
| Expired                    | —                     | —                 | —                     |
| Forfeited                  | —                     | —                 | —                     |
| Balance, June 30, 2017     | 13,465,000            | \$ 0.01           | 13,465,000            |

| Exercise<br>Price | Number<br>Outstanding<br>at June 30,<br>2017 | Weighted<br>Average<br>Remaining<br>Contractual<br>Life | Weighted<br>Average<br>Exercise<br>Price | Number<br>Exercisable<br>at June 30,<br>2017 | Weighted<br>Average<br>Exercise<br>Price |
|-------------------|--|---|--|--|--|
| \$ 0.01           | 13,465,000                                   | 7.42  | \$ 0.01                                  | 13,465,000                                   | \$ 0.01                                  |
| Total             | 13,465,000                                   | —   | —  | 13,465,000                                   | —  |

The following table summarizes information about the stock options outstanding at December 31, 2016:

| Exercise<br>Price | Number<br>Outstanding<br>December<br>31, 2015 | Weighted<br>Average<br>Remaining<br>Contractual<br>Life | Weighted<br>Average<br>Exercise<br>Price | Number<br>Exercisable<br>at<br>December<br>31, 2014 | Weighted<br>Average<br>Exercise<br>Price |
|-------------------|---|---|--|---|--|
| \$ 0.01           | 13,465,000                                    | 8.0   | \$ 0.01                                  | 13,465,000  | \$ 0.01                                  |
| Total             | 13,465,000                                    | —   | —  | 13,465,000  | —  |

**NOTE G – COMMITMENTS AND CONTINGENCIES**Operating Lease

In October 2015, the Company entered into a three (3) year lease for an office and manufacturing facility located at 821 NW 57<sup>th</sup> Place, Fort Lauderdale, FL 33309. The lease is \$6,100 per month, which includes common area maintenance, taxes and insurance. The Company has the option to terminate the lease with three months' notice.

### Litigation

On or about November 17, 2011, a claim was filed in the Broward County Circuit Court in Fort Lauderdale, Florida against the company by Raw Energy Tech, LLC. The plaintiff alleges breach of an oral contract between the parties for the alleged design, fabrication and construction of a prototype power pack. Amount of damages sought are approximately \$58,000. We have moved to dismiss the complaint and intend to vigorously defend this action as we believe this claim is without merit. We have accrued an amount in the financial statements to cover our legal expenses as of June 30, 2017.

### SALE OF INTELLECTUAL PROPERTY

On June 8, 2017, the Company and FPA, our wholly owned subsidiary, closed the transactions contemplated by the Technology Purchase Agreement dated March 13, 2017 with

**ENVIRO VORAXIAL TECHNOLOGY, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017 (UNAUDITED)**

Schlumberger Technology Corporation, a Texas corporation, Schlumberger Canada Limited, a Canadian entity, and Schlumberger B.V., an entity organized under the laws of the Netherlands (collectively, (“Schlumberger”).

At closing, we sold our intellectual property (the “Purchased Intellectual Property”), substantially consisting of the Voraxial patents, marks, software and copyrights, to Schlumberger in consideration of up to \$4,000,000, of which \$3,000,000 was paid to us at closing and \$1,000,000 is payable upon the completion of both: (i) the complete transfer of the Purchased Intellectual Property to Schlumberger; and (ii) the provision to transfer information, assets and services to Schlumberger, which is estimated to be approximately 12 months from the closing date. We recognized a gain on the sale of our intellectual property of \$3,000,000 less direct cost of \$80,000. We incurred additional costs and expenses in connection with this transaction, including, but not limited to legal, accounting, and professional fees, and costs associated with our special shareholders meeting. Such costs and expenses are included in general and administrative and professional fees under our condensed consolidated statements of operations.

We utilized a portion of the proceeds from this transaction to pay some of our outstanding debt and are using the balance for general working capital. We are also using some of the proceeds to buy additional manufacturing equipment to meet potential future sales.

As part of the agreement, Schlumberger granted us a non-exclusive, worldwide, royalty-free licenses (the “Grant Back Licenses”), to make, use, sell, offer for sale, and import products and processes embodying the Purchase Intellectual Property outside the oil and gas market. In addition to the proceeds from the sale of our intellectual property, our management believes that the Grant Back License will provide for the potential increase of revenues through the sale of Voraxial Separators, possibly leveraging future sales by Schlumberger in the oil and gas market to penetrate the sale and use of licensed Voraxial products to other industries, including, but not limited to mining, sewage and wastewater.

In addition, at closing FPA entered into a Framework Agreement (the “Supply Agreement”) with Cameron Solutions, Inc. (“Cameron Solutions”), a Houston, Texas-based company engaged in the development, manufacture and sale of equipment used in the oil and gas industry. Under the terms of the three-year Supply Agreement, FPA is the exclusive supplier to Cameron Solutions of certain Voraxial series products for use in the oil and gas industry. Sales will be made from time to time in accordance with the terms of purchase orders. The Supply Agreement is cancellable by Cameron Solutions upon 15 days’ notice if FPA fails to meet delivery or performance schedules or breaches any of the terms of the agreement, including the warranties. It may also cancel the Supply Agreement without notice in the event FPA becomes insolvent or commits any act of bankruptcy. The Supply Agreement contains customary indemnification and confidentiality provisions.



For a period of three years following the closing of the Agreement, the Company and Raynard Veldman and John Di Bella have agreed to not participate or cause participation in the oil-and-gas market in relation to phase or constituent sensing or separation which is defined as, liquid-liquid, liquid-solid or liquid-gas separation and gas or liquid sensing, including all product lines and services related thereto and including the Voraxial product line and services, except to the extent necessary to: (i) repair or service, but not remanufacture, any goods the Company sold to third persons prior to closing; (ii) fulfill, on or after closing, any customer obligation; or (iii) comply with any term or condition of the Agreement. In addition the Company shall take all reasonable measures to ensure the confidentiality and prevent the improper use of all trade secrets.

#### NOTE H – MAJOR CUSTOMERS

During the six months ended June 30, 2017, we recorded 77% of our revenue from one customer.

During the six months ended June 30, 2016, we recorded 98% of our revenue from one customer.

**ENVIRO VORAXIAL TECHNOLOGY, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2017 (UNAUDITED)**

**NOTE I – SUBSEQUENT EVENTS**

In July 2017, the company entered into a financing agreement for the purchase of CNC machining equipment valued at approximately \$426,000. The machining equipment was received in July 2017 and will be used for the manufacture of additional Voraxial Separators in preparation of potential future orders under the Supply Agreement and Grant Back Licenses.



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

Forward-Looking Statements

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

Application of Critical Accounting Policies

The Company’s consolidated condensed unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Certain accounting policies have a significant impact on amounts reported in the financial statements. A summary of these significant accounting policies can be found in Note C to the Company’s financial statements in the Company’s 2016 Annual Report on Form 10-K. The Company has not adopted any significant new policies during the period ended June 30, 2017.

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

Overview

Enviro Voraxial Technology, Inc. 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. The Company developed and now manufactures and sells the patented Voraxial® Separator (“Voraxia® Separator” or “Voraxia®”), 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 footprint and without the need of a pressure drop. We believe the need for such a separation device overlaps many markets.

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.

On March 13, 2017, we entered into a Technology Purchase Agreement with Schlumberger Technology Corporation, a Texas corporation, Schlumberger Canada Limited, a Canadian entity, and Schlumberger B.V., an entity organized under the laws of the Netherlands (collectively, “Schlumberger”) which was approved by the Company’s shareholders on May 31, 2017 and completed on June 8, 2017. Under the agreement we sold our intellectual property (the “Purchased Intellectual Property”), substantially consisting of the Voraxial patents, marks, software and copyrights, to Schlumberger in consideration of up to \$4,000,000, of which \$3,000,000 was paid to us at closing. The remaining \$1,000,000 is payable upon the completion of both: (i) the complete transfer of the Purchased Intellectually Property to Schlumberger; and (ii) the provision to transfer information, assets and services to Schlumberger, which is estimated to be approximately 12 months from the closing date. We recognized a gain of the sale of our intellectual property of \$3,000,000 less direct cost of \$80,000. We incurred additional costs and expenses in connection with this transaction, including, but not limited to legal, accounting, and professional fees, and costs associated with our special shareholders meeting. Such costs and expenses are included in general and administrative and professional fees under our condensed consolidated statements of operations.

We utilized a portion of the proceeds from this transaction to pay some of our outstanding debt and are using the balance for general working capital. We are also using some of the proceeds to buy additional manufacturing equipment to meet potential future sales.

As part of the agreement, Schlumberger granted us a non-exclusive, non-transferable, worldwide, royalty-free licenses (the “Grant Back Licenses”), to make, use, sell, offer for sale, and import products and processes embodying the Purchase Intellectual Property outside the oil and gas market. Our management believes that the Grant Back Licenses will provide for potential revenues through the sale of Voraxial Separators outside the oil and gas industry, including, but not limited to mining, sewage and wastewater.

In addition, at closing Florida Precision Aerospace entered into a Framework Agreement (the “Supply Agreement”) with Cameron Solutions, Inc. (“Cameron Solutions”), a Houston, Texas-based company engaged in the development, manufacture and sale of equipment used in the oil and gas industry. Under the terms of the three-year Supply Agreement, Florida Precision Aerospace, our wholly owned subsidiary, is the exclusive supplier to Cameron Solutions of certain Voraxial series products for use in the oil and gas industry. Sales will be made from time to time in accordance with the terms of purchase orders. The Supply Agreement is cancellable by Cameron Solutions upon 15 days’ notice if Florida Precision Aerospace fails to meet delivery or performance schedules or breaches any of the terms of the agreement, including the warranties. It may also cancel the Supply Agreement without notice in the event Florida Precision Aerospace becomes insolvent or commits any act of bankruptcy. The Supply Agreement contains customary indemnification and confidentiality provisions.

For a period of three years following the closing of the agreement, the Company and Raynard Veldman and John Di Bella have agreed to not participate or cause participation in the oil-and-gas market in relation to phase or constituent sensing or separation which is defined as, liquid-liquid, liquid-solid or liquid-gas separation and gas or liquid sensing, including all product lines and services related thereto and including the Voraxial product line and services, except to

the extent necessary to: (i) repair or service, but not remanufacture, any goods the Company sold to third persons prior to closing; (ii) fulfill, on or after closing, any customer obligation; or (iii) comply with any term or condition of the agreement. In addition the Company shall take all reasonable measures to ensure the confidentiality and prevent the improper use of all trade secrets.

In addition, on May 31, 2017, our shareholders approved proposals to change our corporate name to Enviro Technologies, Inc. and increase our authorized common stock to 250,000,000. We intend to complete these corporate actions by fourth quarter 2017.

Results of Operations for the Three Months ended June 30, 2017 and 2016:

### Revenue

Our revenues increased by \$19,509 or approximately 204% to \$29,061 for the three months ended June 30, 2017 as compared to \$9,552 for the six months ended June 30, 2016. The Company believes the nominal revenues for each period reflects the continued weakness in the oil and gas market conditions and the challenges we faced to introduce a relatively new technology to the oil and gas industry. The decreased oil prices from its recent peak of above \$100 per barrel in 2014 to the lows of under \$30 per barrel in early 2016 has created a difficult environment as companies within the oil industry that we consider potential customers have significantly reduced capital expenditures. Similar to other companies in the industry, we have decreased our marketing budget and limited our participation in conferences and tradeshow. We believe there is a market for the Voraxial Separator which was confirmed by the recent agreement we consummated with Schlumberger. We believe that this agreement will provide us with the opportunity to increase revenues in the future in both the oil and gas industry and potentially other industries as well, such as mining and sewage through the Grant Back Licenses. There are no assurances that we will generate revenues under the Grant Back Licenses or Supply Agreement.

The majority of revenues in 2017 and 2016 were a result of sales of the Voraxial Separator and auxiliary equipment and parts.

### Cost of Goods

Our cost of goods increased by 63% to \$18,404 for the three months ended June 30, 2017 as compared to \$11,323 for the three months ended June 30, 2016. This increase is due to the Voraxial parts sold during the three month period ended June 30, 2017 as compared to the different models shipped and the difference in sold and lease projects during the three months ended June 30, 2016. Our cost of goods continues to be reviewed by management in an effort to obtain the best available pricing while maintaining high quality standards.

### Costs and Expenses

Total costs and expenses increased by \$1,126 or approximately 1% to \$199,917 for the three months ended June 30, 2017 as compared to \$198,791 for the three months ended June 30, 2016. Our total cost and expenses have remained fairly constant over the past year as we have continued the plan to preserve cash by limiting non-essential services, marketing and travel due to the nominal market improvements in the oil and gas sector. During 2017 we incurred legal, accounting and professional costs associated with the Technology Purchase Agreement and related transactions.



During 2016 we also incurred legal, accounting and professional costs associated with the review of potential financing and business transactions. Further, during 2017 we have utilized our resources toward developing and finalizing the relationship with Schlumberger. We expect expenses to increase during the balance of 2017 as we increase our manufacturing capabilities in the anticipation of additional orders as a result of consummating the Technology Purchase Agreement with Schlumberger.

**Results of Operations for the Six Months ended June 30, 2017 and 2016:**

Revenue

Our revenues increased by 90% to \$120,412 for the six months ended June 30, 2017 as compared to \$63,490 for the six months ended June 30, 2016.

The Company believes the increase in revenues reflects a fluctuation in sales. The Company believes the nominal sales volume and revenues for each period reflects the continued weakness in the oil and gas market conditions and the challenges we faced to introduce a relatively new technology to the oil and gas industry. The decreased oil prices from its recent peak of above \$100 per barrel in 2014 to the lows of

under \$30 per barrel in early 2016 to the current \$45-\$55 range per barrel has created and continues to create a difficult environment as companies within the oil industry that we consider potential customers have significantly reduced capital expenditures. Similar to other companies in the industry, we have decreased our marketing budget and limited our participation in conferences and tradeshow. We believe there is a market for the Voraxial Separator products which was confirmed by Schlumberger's acquisition of our intellectual property.

The majority of revenues in 2017 and 2016 were a result of sales of the Voraxial Separator and auxiliary equipment and parts.

### Cost of Goods

Our cost of goods increased to \$42,563 for the six months ended June 30, 2017 as compared to \$11,323 for the six months ended June 30, 2016. This increase is primarily due to the increase in sales and the different models and parts sold during the six months ended June 30, 2016. Our cost of goods continues to be reviewed by management to guarantee the best available pricing while maintaining high quality standards.

### Costs and Expenses

Total costs and expenses decreased by \$3,564 or approximately 1% to \$390,050 for the six months ended June 30, 2017 from \$393,614 for the six months ended June 30, 2016. Our total cost and expenses have remained fairly constant over the past year as we have continued the plan to preserve cash by limiting non-essential services, marketing and travel due to the nominal market improvements in the oil and gas sector. During 2017 we incurred legal, accounting and professional costs associated with the Technology Purchase Agreement and related transactions. During 2016 we also incurred legal, accounting and professional costs associated with the review of potential financing and business transactions. Further, during 2017 we have utilized our resources toward negotiating and finalizing the agreement with Schlumberger and related Grant Back Licenses and Supply Agreement.

### Liquidity and Capital Resources:

Cash at June 30, 2017 was \$2,290,816. Working capital at June 30, 2017 was \$487,603 as compared to a working capital deficit at December 31, 2016 of \$2,099,833. At June 30, 2017, we had an accumulated deficit of \$14,485,012.

We believe that our current cash resources and anticipated revenue to be generated by sales, orders and/or leases of the Voraxial Separators pursuant to the Grant Back Licenses and Supply Agreement, will be sufficient to continue our business for the next twelve months.

On February 3, 2017, the Company received an advance of \$150,000 from a third party investor pursuant to a \$165,000 discounted promissory note. The company shall pay interest to the noteholder on the principal face amount of \$165,000 at a rate of 2.5% per month in the event the note is not repaid on or before May 31, 2017. The note was repaid effective June 30, 2017. As additional consideration for the advance, the Company issued the third party 50,000 shares of the Company's common stock.

On May 25, 2017, the Company received advances in the aggregate of \$70,000 from two third party investors pursuant to two \$37,000 discounted promissory notes. The Company shall pay interest to the noteholder on the principal face amount of \$37,000 at a rate of 2.5% per month in the event the note is not repaid on or before May 31, 2018. The notes were repaid effective June 30, 2017. As additional consideration for the advance, the Company issued each investor 10,000 shares of the Company's common stock. Proceeds from the advance have been used to satisfy working capital requirements.

In July 2017, the company entered into a financing agreement for the purchase of CNC machining equipment valued at approximately \$426,000. The machining equipment was received in July 2017 and will be used for the manufacture of Voraxial Separators in preparation of potential future orders under the Supply Agreement and sales pursuant to the Grant Back Licenses.

### **Recent Accounting Pronouncements**

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

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

Not applicable to smaller reporting company.

### **Item 4. 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 June 30, 2017. Based upon that evaluation and the identification of the material weakness in the Company's internal control over 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 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 June 30, 2017 based on the 2013 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 June 30, 2017, 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, lack of qualified accounting personnel 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.

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



PART II.  
Item 1.

OTHER INFORMATION  
Legal Proceedings

None.

Item 1A.

Risk Factors

Smaller reporting companies are not required to provide the information required by this item.

Item 2.

Unregistered Sales of Equity Securities and Use of Proceeds

During the period covered by this report the Company issued the unregistered equity securities disclosed below under the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. The certificates representing the shares of common stock contain a legend restricting their transferability absent registration or applicable exemption.

On February 3, 2017, the Company received an advance of \$150,000 from a third party investor pursuant to a \$165,000 discounted promissory note. As additional consideration for the advance, the Company issued the third party 50,000 shares of the Company's common stock.

On May 25, 2017, the Company received advances in the aggregate of \$70,000 from two third party investors pursuant to two \$37,000 discounted promissory notes. As additional consideration for the advances, the Company issued each investor 10,000 shares of the Company's common stock. Proceeds from the advance have been used to satisfy working capital requirements.

Item 3.

Defaults Upon Senior Securities

None.

Item 4.

Mine Safety Disclosure

None.



Item 5.

Other Information

None.

Item 6.

Exhibits

Exhibits required by Item 601 of Regulation S-K

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- 10.1 Promissory Note dated February 3, 2017 (previously filed as exhibit to Form 10-K Annual Report for the year ended December 31, 2016)
- 10.2 Technology Purchase Agreement dated March 13, 2017 (previously filed as Exhibit 10.1 to Form 8-K Current Report Filed on March 15, 2017)
- 31.1 Form 302 Certification of Chief Executive Officer
- 31.2 Form 302 Certification of Principal Financial Officer
- 32.1 Form 906 Certification of Chief Executive Officer and Principal Financial Officer
- 101.INS XBRL Instance Document\*
- 101.SCHXBRL Taxonomy Extension Schema Document\*
- 101.CALXBRL Taxonomy Extension Calculation Linkbase Document\*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document\*
- 101.LABXBRL Taxonomy Extension Label Linkbase Document\*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document\*

\* Attached as Exhibit 101 to this report are the following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) related notes to these financial statements tagged as blocks of text.



SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned as a duly authorized officer of the Registrant.

Enviro Voraxial Technology, Inc.

By: /s/ John A. Di Bella

John A. Di Bella

Chief Executive Officer and

Principal Financial Officer

DATED: August 14, 2017

