ENVIRO VORAXIAL TECHNOLOGY INC
Form 10-K
April 14, 2017
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, 2016

Commission file number 0-30454

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 No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 No

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

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.

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

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter ($0.03 per share). $203,223 on June 30, 2016.

There were 33,514,497 shares of common stock outstanding as of April 14, 2016.

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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. Our wholly owned subsidiary, Florida Precision Aerospace, Inc., a Florida corporation ("FPA"), was incorporated on February 26, 1993.

General

The Company has developed, patented and manufactures 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 footprint and without the need of a pressure drop. We believe the need for such a separation device overlaps many markets. 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 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 advantages the Voraxial Separator offers the end user, we believe the Voraxial can be used in many different markets. This allows the Company to develop different marketing strategies for different industries such as oil spill, mining, and municipal wastewater. The Company has focused its sales and marketing activity in the oil & gas exploration and production market, which also includes produced water, the tar sands, frac water, oil refineries and production facilities, and other liquid/liquid or liquid/solid applications for both offshore and onshore operations.

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, the "Purchasers").

Under the agreement, subject to conditions to closing, we intend to sell our intellectual property, substantially consisting of our Voraxial patents, marks, software and copyrights, to the Purchasers in consideration of up to four million dollars ($4,000,000), of which three million dollars ($3,000,000) is payable at closing and one million dollars ($1,000,000) payable upon the completion of both 1) the complete transfer of the intellectually property to Purchasers and 2) the provision by the Company of transition information, assets and services to Purchasers, which is estimated to be approximately 12 months from the closing date. In addition, following the closing we shall receive a worldwide, royalty-free license from the Purchasers, to make, use, sell, offer for sale, and import products and processes embodying the intellectual property outside the oil-and-gas market. In addition, the Company and the Purchasers, upon the closing of the agreement, shall enter into a supply agreement for certain manufacturing rights.

The agreement contains representations, warranties and covenants of the parties customary for a transaction of this type. Each party's obligation to consummate the transaction is subject to customary closing conditions and the condition that all representations and warranties, including a representation that no material adverse change has occurred, are true and correct on the date of closing as if made on such date. The agreement is subject to customary termination provisions and, in addition, may be terminated by the Company or the Purchasers if specified closing conditions have not been fulfilled by May 30, 2017, unless the terminating party has failed to comply with or perform its covenants and obligations in the agreement at the time of such termination.

In addition to the proceeds from the sale of our intellectual property, our management believes that the agreement will provide for the potential increase of revenues through the sale of Voraxial Separators to the Purchasers while enabling us the opportunity to possibly leverage future increased 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 are also entering into the agreement because of the historical and current challenges we have experienced in introducing the Voraxial products to the oil and gas market.

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 benefits of the Voraxial include:

- High volume / small footprint
- No Pressure drop requirement
- High G force
- Treats a wide range of flows, even slugging flows
- Handles fluctuation in flow rates without any adjustments
- Handles fluctuation in contaminates without any adjustments
- Separation of 2 or 3 components simultaneously
- Non-clogging - open rotor assembly
- Low maintenance with ease of operation and installation
- Can operate dry
- Since there is no pressure drop, there is very little wear caused by sand

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:

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 - 3,500

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 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 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 weights less than existing systems,
A reduction time to process and separate the fluids, allowing the customer to be more efficient,
Creation of more efficient and faster process to treat water to increase the overall productivity of the end-user,
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. We believe this characteristic gives our customers a more practical 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.

Manufacturing

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.

Sources and availability of raw materials

The materials needed to manufacture our Voraxial Separator have been provided by leading companies in the precision equipment industry including Motion Industries, MSC, and Baldor Electric Co., among other suppliers. We do not have any long term contracts with these entities. We do not anticipate any shortage of component parts.

Inventory

Other than our Voraxial® Separators, we maintain a limited 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.

Marketing

Management continues to implement a sales and marketing program that includes independent sales representatives, relationships with oil service companies, engineering firms and attending trade shows, to stimulate awareness of the Voraxial Separator. Due to the depressed oil prices, we decided not to attend trade shows in 2016. Management is developing relationships with oil service companies and representatives to promote the Voraxial to oil industry customers. The Company does not currently have plans to exhibit the Voraxial Separator at additional tradeshows in 2017.

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. 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 former president, Alberto DiBella, and registered in 1999. We also hold the trademark for Voraxial.

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.

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.

Employees

We currently have five 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

Not applicable to smaller reporting companies. However, our principal risk factors are described under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

In October 2015, the Company entered into a three (3) 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.

Item 3. Legal Proceedings

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 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.

Item 4. Mine Safety Disclosures

Not applicable.

PART II.

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

Our common stock is quoted on the OTC Markets under the symbol "EVTN". The range of high and low bid quotations below are provided by the OTC Markets. On April 3, 2017, the closing price for our common stock was $0.04. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions.

Quarter Ended	High	Low
March 31, 2015	$0.03	$0.02
June 30, 2015	$0.06	$0.02
September 30, 2015	$0.03	$0.02
December 31, 2015	$0.02	$0.01
March 31, 2016	$0.03	$0.02
June 30, 2016	$0.04	$0.03
September 30, 2016	$0.03	$0.03
December 31, 2016	$0.03	$0.02

Holders

As of December 31, 2016, there were approximately 800 holders of record of our common stock outstanding. Our transfer agent is Jersey Stock Transfer LLC., Post Office Box 606, Mount Freedom, New Jersey 07970-0606.

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.

Recent Sales of Unregistered Securities

During the period covered by this report, we have not sold any securities without registration under the Securities Act of 1933, as amended, during the period covered by this report.

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 terminology. 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.

Year ended December 31, 2016 compared to year ended December 31, 2015

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, 2016 decreased by $529,284 to $562,059 or approximately 48% from $1,091,343 for the year ended December 31, 2015.We believe the decrease in revenues corresponds to fluctuations in orders and the negative market conditions of depressed oil prices in our key market, 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 tradeshows. We believe there is a market for our Voraxial Separator as the dissemination of data from previously installed Voraxials is creating an increase awareness and interest for the Voraxial from potential strategic companies. We continue to build relationships with oil services, wastewater, mining, sewage and oil exploration and production companies and their representatives; and we believe these relationships will increase revenues. The majority of revenues in 2016 and 2015 were a result of sales of the Voraxial Separator and auxiliary equipment and parts, and the remaining revenues were from lease orders and trials for customers interested in buying the Voraxial Separator. The decrease in revenues in 2016 was the result of fewer sales and leases. The drop in oil prices may delay certain projects and decrease revenue potential in the near term.

Cost of goods sold decreased to $45,474 for the year ended December 31, 2016 from $448,220 during the year ended December 31, 2015 or a decrease of $402,746 or approximately 90%. Substantially all of the decrease in cost of goods sold was directly related to our decrease in revenues.

Costs and expenses

Total costs and expenses increased by approximately 4% or $38,060 to $936,585 for the year ended December 31, 2016 as compared to $898,525 for the year ended December 31, 2015. The majority of the increase reflects legal, professional and investment banking fees associated with discussions, negotiations and due diligence with various companies interested in entering into strategic relationships and material transactions with our Company, including but not limited to the Technology Purchase Agreement.

General and administrative expenses

General and Administrative expenses decreased by 24% or $81,750 to $253,791 for the year ended December 31, 2016 from $335,541 for the year ended December 31, 2015. We continue to reduce our expenditures as oil prices hit a multi-year low in January 2016. Our general and administrative expenses primarily consist of rent, travel, insurance and other general overhead expenses.

Professional Fees and Payroll Expenses

Professional fees increased by approximately 247% or $139,702 to $196,355 for the year ended December 31, 2016 from $56,653 for the year ended December 31, 2015. The increase was primarily due to expenses associated with the legal, professional and investment banking fees described above. Payroll expense decreased $19,892 or 4% to $486,439 for the year ended December 31, 2016 as compared to $506,331 for the year ended December 31, 2015. The decrease reflects the fluctuations in employee pay and a reduction in staff.

Liquidity and capital resources

At December 31, 2016, we had working capital deficiency of $2,099,833, cash of $40,973 and an accumulated deficit of $17,059,464. For the year ended December 31, 2016, we had a net loss of $535,793. Operating at a loss for the year negatively impacted our cash position. We believe that including our current cash resources and anticipated revenue to be generated by sales and/or leases of our Voraxial Separators, including the completion of the Technology Purchase Agreement, 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 and we do not complete the Technology Purchase Agreement, we may need to seek additional capital, or adjust our operating plan accordingly.

On December 29, 2016, the Company entered into a termination, assignment, settlement and general release agreement with an inventor named on certain Company patents and party to a use agreement with the Company. Under the release agreement the parties agreed to mutual releases and the inventor agreed to (1) terminate the use agreement and all rights to the patents and (2) assign any remaining rights to the patents to the Company (the "Termination, Release and Assignment"). In the event the Company fails to pay the inventor $45,000 on or before June 29, 2017, the inventor may void the Termination, Release and Assignment.

On January 16, 2017, the Company's chief executive officer advanced the Company $7,000 for working capital. The advance is repayable by the Company on demand.

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. In addition, in consideration of the advance, the Company issued the third party 50,000 shares of the Company's common stock. Proceeds from the advance have been used to satisfy working capital requirements.

Continuing losses

We may be unable to continue as a going concern, given our limited operations and revenues and our significant losses to date. Consequently, our working capital may not be sufficient and our operating costs may exceed those experienced in our prior years. In light of these recent developments, we may be unable to continue as a going concern.

The Company has experienced net losses, has a working capital and stockholders' deficit. 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. Therefore, substantial doubt exists about the ability of the Company to continue as a going concern. The Company may require the infusion of capital until operations become profitable. During 2017, the Company may seek additional capital in the event it is unable to increase sales of the Voraxial Separator or continue to restrict expenses. If we fail to raise additional funds when needed, or do not have sufficient cash flows from sales, we may be required to scale back or cease operations, sell or liquidate our assets and possibly seek bankruptcy protection. The accompanying consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty.

As disclosed above, 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.

Under the agreement, subject to conditions to closing, the Company shall sell its intellectual property, substantially consisting of its Voraxial patents, marks, software and copyrights, to the Purchasers in consideration of up to four million dollars ($4,000,000), of which three million dollars ($3,000,000) is payable at closing and one million dollars ($1,000,000) payable upon the completion of both 1) the complete transfer of the intellectually property to Purchasers and 2) the provision by the Company of transition information, assets and services to Purchasers, which is estimated to be approximately 12 months from the closing date. In addition, following the closing the Company shall receive a worldwide, royalty-free license from the Purchasers, to make, use, sell, offer for sale, and import products and processes embodying the intellectual property outside the oil-and-gas market. In addition, the Company and the Purchasers, upon the closing of the agreement, shall enter into a supply agreement for certain manufacturing rights.

The agreement contains representations, warranties and covenants of the parties customary for a transaction of this type. Each party's obligation to consummate the transaction is subject to customary closing conditions and the condition that all representations and warranties, including a representation that no material adverse change has occurred, are true and correct on the date of closing as if made on such date. The agreement is subject to customary termination provisions and, in addition, may be terminated by the Company or the Purchasers if specified closing conditions have not been fulfilled by May 30, 2017, unless the terminating party has failed to comply with or perform its covenants and obligations in the agreement at the time of such termination.

In addition to the proceeds from the sale of our intellectual property, in the event we complete the agreement we are retaining certain rights to manufacture the Voraxial within the oil and gas market for the Purchasers for a period of three years, which we believe will substantially increase our revenues from the oil and gas market. We are also obtaining royalty-free licenses to the Intellectual Property for all other industries outside of the oil and gas markets and we intend to pursue sales of the Voraxial products in other markets. We believe our potential success in the oil and gas market via this transaction may help us achieve greater revenues in other markets such as mining, sewage and wastewater. Additionally, as we are retaining our manufacturing equipment, we believe we will continue to increase our revenues from machining projects from customers outside of the Voraxial market. We are also entering into the agreement because of the historical and current challenges we have experienced in introducing the Voraxial products to the oil and gas market. We have limited life remaining on our patents to penetrate the market and believe this is the best option to maximize shareholder value. Further, in our efforts to introduce this technology to the market, we have incurred net losses for the past five fiscal years, expect to continue to incur losses and have insufficient cash flow from operations to continue without raising additional capital from investors. It is our board's belief that we would need at least $3.0 million in funds to continue operations through the next two years to support sales efforts and to withstand the continued uncertainty in the oil industry. Our inability to obtain financing on reasonable terms to continue to fund operations makes it difficult to enter the oil and gas market. In the absence of the proposed agreement or a substantial and sustained improvement in an unfavorable oil industry economy, it was unlikely that we would have adequate liquidity to continue as a going concern which, taking into account all of the foregoing, would be reasonably likely to result in the insolvency, bankruptcy, or voluntary or involuntary liquidation of our company.

Critical 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 C 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 requi res 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.

Recent Accounting Pronouncements

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.

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Risk Factors

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

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 not yet generated significant revenues from the Voraxial Separator. The revenues and income potential of our business and the markets of our separation technology are unproven. 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, 2016, we had an accumulated deficit of $17,059,464 including a net loss of $535,793 for the year ended December 31, 2016. 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. In addition, there are no assurances that we will complete the Technology Purchase Agreement and related transactions. In the event we complete such transactions, there are no assurances that we will be successful. 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.

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. If we fail to raise additional funds when needed, or do not have sufficient cash flows from sales, we may be required to scale back or cease operations, sell or liquidate our assets and possibly seek bankruptcy protection.

We currently rely on a limited number of customers for our revenues.

Revenues from two customers accounted for approximately 85% of total revenues during 2016 and revenues from four customers accounted for approximately 95% of total revenues during 2015. We do not have any contracts with these customers. If these customers fail to order additional products or we are unable to attract new customers, it could have an adverse effect on our financial condition and results of operations.

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 John A. DiBella. The loss of the services of John A. DiBella 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 Mr. DiBella or any of our employees.

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.

We currently have limited authorized, but unissued shares of capital stock.

As of March 31, 2017, the Company has approximately 9,235,503 shares of authorized, but unissued Common Stock. In addition, the Company has reserved approximately 13,465,000 shares for outstanding options. Therefore the Company has limited shares of common stock which otherwise could be sold to meet future financing needs and does not have a sufficient number of shares reserved in the event of the exercise of all of the Company's outstanding options.

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, 2016. 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'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, 2016 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 December 31, 2016, 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 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
John A. DiBella	45	Chief Executive Officer, Chief Financial Officer and Director
Raynard Veldman	56	Director

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. Since November 2011 he has served as chief executive officer and chief financial officer. From 2000 through January 2002 Mr. DiBella provided consulting services to our Company. Mr. DiBella was promoted from Chief Operating Officer to President in November 2011. Mr. DiBella co-founded and served as President of PBCM, a financial management company located in New Jersey from 1997 to 1999. Prior to co-founding PBCM, Mr. DiBella worked for Donaldson, Lufkin and Jenrette, a NYSE member firm.

Raynard Veldman has served as a director of the Company since August 2014. He served as vice president for Magnablend, Inc., a custom chemical blending and manufacturing company from February 2012 to July 2014. From April 2001 through February 2012 he served as business and product manager for Weatherford, Inc. in their Engineered Chemistry Division. He has over 30 years of experience in the domestic and international oil and gas industry. Mr. Veldman has a M.S. in Chemical Engineering from the University of Houston and a B.S. in Chemical Engineering from the University of Texas. He has also periodically served as a consultant to the Company and other oil and gas and manufacturing companies since 2009.

Board of Directors and Committees

During the year ended December 31, 2016, our board of directors held 4 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 John A. DiBella and Raynard Veldman, 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."

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.

The Company has one independent director, Raynard Veldman. Mr. Veldman is considered "independent" as defined under Nasdaq Marketplace Rules.

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 of 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 A. 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.

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 our two most highly compensated executive officers other than our chief executive officer who were serving as executive officers at December 31, 2016 and December 31, 2015 (the "Named Executives").

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compen-sation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compen-sation ($)	Total ($)
John A. DiBella President, Chief	2015	$305,000(2)	--	--	0(4)	--	--	--	$349,224
Executive Officer and Chief Financial Officer	2016	$305,000(3)	--	--	0	--	--	--	$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 Executives.
(2) $88,000 paid and remaining amount accrued.
(3) $7,500 paid and remaining amount accrued.
(4) Effective December 28, 2015, the Company reduced the exercise price of all of its issued and outstanding common stock purchase options from $0.05 per share to $0.01 per share.

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Outstanding Equity Awards At December 31, 2016

Listed below is information with respect to unexercised options for each Named Executive as of December 31, 2016.

	Option Awards							Stock Awards
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards Number of Unearned Shares, Units Or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value Of Unearned Shares, Units Or Other Rights That Have Not Vested ($)
John A. DiBella	7,700,000	--	$0.01[(1)]	11/15/2023[(1)]	--	--	--	--

(1) Effective August 29, 2014, the Company extended the expiration dates of all of its issued and outstanding common stock purchase options to November 15, 2023 and reduced the exercise price of such options to $0.05 per share. Effective December 28, 2015, the Company reduced the exercise price of all of its issued and outstanding common stock purchase options from $0.05 per share to $0.01 per share.

Employment agreements

Our executive officer does not currently have a written employment agreement with the Company. For the years ended December 31, 2016 and 2015, the Company incurred salary expenses from the Chief Executive Officer of the Company of $305,000. For the year ended December 31, 2016, $7,500 has been paid. The unpaid balance has been accrued and as of December 31, 2016 and 2015, the accrued salary is $1,464,761 and $1,173,270, respectively. As of December 31, 2016 and 2015, the Company owes the estate of its former chief executive officer $158,898.

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 as of April 7, 2017 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. As of April 7, 2017, we had 33,514,497 shares of common stock issued and outstanding. Unless otherwise noted below, the address for each shareholder is 821 NW 57th Place, Fort Lauderdale, Florida 33309.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Ownership
Adele DiBella	6,095,500(1)	16.3%
John A. DiBella	10,428,616(2)	25.3%
Raynard Veldman	2,750,000(3)	8.0%
All officers and directors as a group (2 persons)	13,178,616(2)(3)	31.3%

(1) Includes 2,295,500 shares of common stock and 3,800,000 shares of common stock underlying options exercisable at $0.01 that expire November 15, 2023.

(2) Includes 2,528,616 shares of common stock and 7,700,000 shares of common stock underlying options exercisable at $0.01 per share expiring on November 15, 2023. Includes 100,000 shares held by his minor children.

(3) Includes 1,750,000 shares of common stock and 1,000,000 shares of common stock underlying options exercisable at $0.01 per share expiring on November 15, 2023.

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	13,465,000	$0.01	0
Total	13,465,000		

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

The Company has one independent director, Raynard Veldman. Mr. Veldman is considered "independent" as defined under Nasdaq Marketplace Rules.

For the years ended December 31, 2016 and 2015, the Company incurred salary expenses from the Chief Executive Officer of the Company of $305,000. For December 31, 2016, $7,000 has been paid for the year. The unpaid balance has been included in accrued expenses- related party. As of December 31, 2016 and 2015, the accrued salary is $1,464,761 and $1,173,270, respectively.

As of December 31, 2016, the Company owes the estate of its former Chief Executive Officer $158,898, which is also included in accrued expenses- related party. The estate is controlled by Adele DiBella, an affiliate shareholder of our company.

PART IV.

Item 14. Principal Accountant Fees and Services

Audit Fees: The aggregate fees, including expenses, billed by Liggett & Webb, P.A., our principal accountant in connection with the audit of our consolidated financial statements for the fiscal years ended December 31, 2016 and 2015 and for the review of our financial information included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and 2015 was $29,521 and $26,958.

Audit Related Fees: The aggregate fees, including expenses, billed by our principal accountant for services reasonably related to the audit for the years ended December 31, 2016 and 2015 were $-0-.

Tax Fees: The aggregate fees, billed by our principal accountant for services reasonably related to tax services during the years ended December 31, 2016 and 2015 were $-0-.

All Other Fees: The aggregate fees, including expenses, billed for all other services rendered to us by our principal accountant during years ended December 31, 2016 and 2015 was $-0-.

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)
10.1	Promissory Note dated February 3, 2017
14	Code of Ethics (2)
21	Subsidiaries (1)
31.1	Rule 13a-14(a)/15d-4(a) Certification of Principal Executive 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
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(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.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENVIRO VORAXIAL TECHNOLOGY, INC.

By: /s/ John A. DiBella
John A. DiBella
Chief Executive Officer and Chief Financial Officer
(Principal Executive
Officer and Principal Financial Officer)

April 14, 2017

Pursuant to the requirements of Section 13 or 15(d) 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 date indicated.

By: /s/ John A. DiBella
John A. DiBella, Director

April 14, 2017

By: /s/ Raynard Veldman
Raynard Veldman, Director

April 14, 2017

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ENVIRO VORAXIAL TECHNOLOGY, INC.
CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of:
Enviro Voraxial Technology, Inc.

We have audited the accompanying consolidated balance sheets of Enviro Voraxial Technology, Inc. and subsidiary (the "Company") as of December 31, 2016 and 2015 and the related consolidated statements of operations, changes in shareholders' deficiency and cash flows for each of the years then ended. 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 audits.

We conducted our audits 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. 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 audits 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 Enviro Voraxial Technology, Inc. and subsidiary as of December 31, 2016 and 2015 the results of its operations and its cash flows for each of the years then ended December 31, 2016 and 2015, 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, the Company has a net loss of $535,793 for the year ended December 31, 2016 and a working capital deficit of $2,099,833 and shareholders' deficiency of $2,078,790 as of December 31, 2016. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note L to the financial statements, the Company entered into a Technology Purchase Agreement on March 13, 2017 whereas the Company shall sell its intellectual property, substantially consisting of its Voraxial patents, marks, software and copyrights.

Liggett & Webb, P.A.

LIGGETT & WEBB P.A.
Certified Public Accountants

Boynton Beach, Florida
April 14, 2017

ENVIRO VORAXIAL TECHNOLOGY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 2016	December 31, 2015
CURRENT ASSETS:		
Cash and cash equivalents	$40,973	$73,713
Accounts receivable, net	1,452	94,277
Inventory, net	76,897	96,235
Total current assets	119,322	264,225
FIXED ASSETS, NET	11,017	33,052
OTHER ASSETS	10,026	10,026
Total Assets	$140,365	$307,303
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$480,057	$274,913
Accrued expenses – related party	1,643,408	1,326,159
Deposits	95,690	249,228
Total liabilities	2,219,155	1,850,300
COMMITMENTS AND CONTINGENCIES (See Note I)		
SHAREHOLDERS' DEFICIENCY		
Common stock, $.001 par value, 42,750,000 shares authorized; 33,464,497 and 33,464,497 shares issued and outstanding as of December 31, 2016 and December 31, 2015	33,465	33,465
Additional paid-in capital	14,947,209	14,947,209
Accumulated deficit	(17,059,464)	(16,523,671)
Total shareholders' deficiency	(2,078,790)	(1,542,997)
Total liabilities and shareholders' deficiency	$140,365	$307,303

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 OPERATIONS

	Years Ended December 31, 2016	2015
Revenues:		
Sales	$496,088	$932,943
Rentals	65,971	158,400
Total revenue	562,059	1,091,343
Cost of goods sold	45,474	448,220
Gross profit	516,585	643,123
Costs and expenses:		
General and administrative	253,791	335,541
Professional Fees	196,355	56,653
Payroll expenses	486,439	506,331
Total costs and expenses	936,585	898,525
Loss from operations	(420,000)	(255,402)
Other Expenses:		
Loss on transfer of leased assets	(91,400)	--
Interest expense	(24,393)	(20,018)
Total other expense	(115,793)	(20,018)
Loss before provision for income taxes	(535,793)	(275,420)
Provision for Income taxes	--	--
Net Loss	$(535,793)	$(275,420)
Weighted average number of common shares outstanding-basic and diluted	33,464,497	33,464,497
Loss per common share - basic and diluted	(0.02)	(0.01)

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 CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Common Stock		Additional Paid-In	Accumulated	
	Shares	Par Value	Capital	Deficit	Total
Balance - December 31, 2014	33,464,497	33,465	14,946,214	(16,248,251)	(1,268,572)
Stock compensation expense	-	-	995	-	995
Net loss	-	-	-	(275,420)	(275,420)
Balance - December 31, 2015	33,464,497	$33,465	$14,947,209	$(16,523,671)	$(1,542,997)
Net loss	-	-	-	(535,793)	(535,793)
Balance - December 31, 2016	33,464,497	$33,465	$14,947,209	$(17,059,464)	$(2,078,790)

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

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

	Years Ended December 31,	
	2016	2015
Cash Flows From Operating Activities:		
Net loss	$(535,793)	$(275,420)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Inventory Impairment	(45,000	112,409
Provision for Doubtful Accounts	6,078	--
Depreciation	22,035	22,093
Stock-based compensation	--	995
Changes in assets and liabilities:		
Accounts receivable	86,747	(69,378)
Inventories	64,338	211,466
Prepaid expenses	--	5,825
Accounts payable, accrued expenses and deposits	51,606	(348,020)
Accrued expenses – related party	317,249	230,827
Net cash used in operating activities	(32,740)	(109,203)
Cash Flows From Investing Activities:	-	-
Cash Flows From Financing Activities:	-	-
Net decrease in cash and cash equivalents	(32,740)	(109,203)
Cash and cash equivalents, beginning	73,713	182,916
Cash and cash equivalents, end of period	$40,973	$73,713
Supplemental Disclosure		
Cash paid during the year for interest	$24,393	$20,018
Cash paid during the year for taxes	$-	$-

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, 2016 and 2015

NOTE A - ORGANIZATION AND OPERATIONS

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® 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, oil spill, 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 recurring losses and a working capital and stockholders' deficit as of December 31, 2016. The Company has a net loss of $535,793 for the year ended December 31, 2016 and a working capital deficit of $2,099,833 and shareholders' deficiency of $2,078,790 as of December 31, 2016. There is a substantial doubt about the Company's ability to continue as a going concern. 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. The Company will continue to require the infusion of capital until operations become profitable. The Company may seek capital for growth and increasing sales of the Voraxial Separator. As a result of the above, there is substantial doubt about the entities ability to continue as a going concern and 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. If we fail to raise additional funds when needed, or do not have sufficient cash flows from sales, we may be required to scale back or cease operations, sell or liquidate our assets and possibly seek bankruptcy protection. The accompanying consolidated financial statements do not include any adjustments that may 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. Significant estimates include the valuation of deferred tax assets, the allowances for doubtful accounts, allowance for inventory impairment and estimated warranty costs. Actual results may differ.

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 December 31, 2016 there was $95,690 of deposits from customers.

Enviro Voraxial Technology, Inc.
Notes to Consolidated Financial Statements
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The Company recognizes revenue from the short term rental of equipment, ratably over the life of the agreement, which is usually three to twelve months.

Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts. The company maintains allowances for doubtful accounts for estimated losses. The company reviews the accounts receivable on a periodic basis and makes general and specific allowance when there is a doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, customer's historical payment history, and its current credit-worthiness and current economic trends. Accounts are written off after exhaustive efforts at collections. At December 31, 2016 and 2015, the Company has $66,332 and $60,254 in the allowance for doubtful accounts, respectively.

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, 2016 and 2015, 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 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 December 31, 2016 and 2015.

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 December 31, 2016 and 2015.

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, 2016 and 2015.

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

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.

Enviro Voraxial Technology, Inc.
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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.

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

	2016	2015
Stock options	13,465,000	13,465,000

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. There was $0 and $0 in research and development costs during December 31, 2016 and 2015, respectively.

Advertising Costs

Advertising costs are expensed as incurred and are included in general and administrative expenses. There was $6,941 and $18,375 in advertising costs during December 31, 2016 and 2015, respectively.

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.

Equity instruments issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB Accounting Standards Codification No. 505, Equity Based Payments to Non-Employees. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

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.

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Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The Company did not have any impairment of long-lived assets in December 31, 2016 and 2015.

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 cash flows.

Recent Accounting Pronouncements

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- INVENTORY

Inventory as of December 31 consists of:

	2016	2015
Raw Materials, net	$64,847	$89,771
Work in Progress, net	--	6,464
Finished Goods, net	12,050	--
Total	$76,897	$96,235

Inventory amounts are presented net of impairment of $67,409 and $112,409 in 2016 and 2015, respectively.

Enviro Voraxial Technology, Inc.
Notes to Consolidated Financial Statements
December 31, 2016 and 2015

NOTE E - FIXED ASSETS

Fixed assets as of December 31 consists of:

	2016	2015
Machinery and equipment	$ 482,659	$482,659
Furniture and fixtures	14,498	14,498
Autos and Trucks	5,294	5,294
Total	502,451	502,451
Less: accumulated depreciation	(491,434)	(469,399)
Fixed Assets, net	$ 11,017	$33,052

Depreciation expense was $22,035 and $22,093 for the years ended December 31, 2016 and 2015 respectively.

NOTE F – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Significant components of accounts payable and accrued expenses at December 31, consists of:

	2016	2015
Accounts payables and accrued expenses	$480,057	$274,913
Customer deposits	95,690	249,228
	$575,747	$524,141

NOTE G - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2016 and 2015, the Company incurred salary expenses from the Chief Executive Officer of the Company of $305,000. For December 31, 2016, $7,500 has been paid for the year. The unpaid balance has been included in accrued expenses- related party. As of December 31, 2016 and 2015, the accrued salary is $1,464,761 and $1,173,270, respectively.

As of December 31, 2016 and 2015, the Company owes the estate of its former Chief Executive Officer $158,898, which is also included in accrued expenses- related party. During 2014, the Company repriced and extended the expiration date of stock options to November 15, 2023 and an exercise price of $.05 per share with a fair value of $44,224. During 2015, the Company repriced the exercise price of stock options to $.01 per share with a fair value of $0.

NOTE H - CAPITAL TRANSACTIONS

Options

In September 2014, the Company extended the exercisable life and reduced the exercise price of options issued to employees and consultants to purchase an aggregate of 13,465,000 shares of common stock issued since 2002. The options now expire in November 2023 and the exercise price is $0.05 per share. The Company calculated the fair value of the extended options by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 187%; risk-free interest rates of 0.08% - 2.04% and expected lives of 240 days to six years. The Company recorded a charge of $125,354 related to the option repricing during the year ended December 31, 2014.

In December 2015, the Company reduced the exercise price of options issued to employees and consultants to purchase an aggregate of 13,465,000 shares of common stock issued since 2002 to an exercise price of $0.01 per share. The Company calculated the fair value of the extended options by using the Black-Scholes option-pricing model with the following weighted average assumptions: no dividend yield for all the years; expected volatility of 347%; risk-free interest rates of 2.09% and expected lives of eight years. The Company recorded a charge of $0 related to the option repricing for the year ended December 31, 2016.

We used the following assumptions for options granted during the year ended December 31, 2016:

Expected volatility: 347%
Expected lives: 8 Years
Risk-free interest rate: 2.09%
Expected dividend yield: None

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Information with respect to options outstanding and exercisable at December 31, 2016 and 2015 is as follows:

	Number Outstanding	Range of Exercise Price	Number Exercisable
Balance, December 31, 2015	13,465,000	$0.01	13,465,000
Issued	-	-	-
Expired	-	-	-
Balance, December 31, 2016	13,465,000	$0.01	13,465,000

Number Outstanding December 31, 2016	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at December 31, 2016	Weighted Average Exercise Price
13,465,000	7	0.01	13,465,000	$0.01
13,465,000	-	-	13,465,000	

The following table summarizes information about the stock options outstanding at December 31, 2015:

Exercise Price	Number Outstanding at December 31, 2015	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at December 31, 2015	Weighted Average Exercise Price
$0.01	13,465,000	8	0.01	13,465,000	$0.01
	13,465,000	-	-	13,465,000	

NOTE I - COMMITMENTS AND CONTINGENCIES

Termination of Use Agreement

On December 29, 2016, the Company entered into a termination, assignment, settlement and general release agreement with an inventor named on certain Company patents and party to a use agreement with the Company. Under the release agreement the parties agreed to mutual releases and the inventor agreed to (1) terminate the use agreement and all rights to the patents and (2) assign any remaining rights to the patents to the Company (the "Termination, Release and Assignment"). In the event the Company fails to pay the inventor $45,000 on or before June 29, 2017, the inventor may void the Termination, Release and Assignment.

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 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. There has been no progress in resolving this claim. We have accrued an amount in the financial statements to cover our legal expenses as of December 31, 2016 and 2015.

Operating Lease

In October 2015, the Company entered into a three (3) year lease for an office and manufacturing facility located at 821 NW 57th 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.

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Notes to Consolidated Financial Statements
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Future minimum lease payments for operating leases at December 31, 2016 are as follows:

2017	73,200
2018	61,000
Total	$134,200

NOTE J – MAJOR CUSTOMERS

For the year ended December 31, 2016, two customers accounted for approximately 85% of revenues. For the year ended December 31, 2015, four customers accounted for approximately 94% of revenues.

Major customer concentrations as of and for the year ended December 31, 2016 are as follows:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
A	360,000	64%		– –
B	115,985	21%	–	–

Major customer concentrations as of and for the year ended December 31, 2015 are as follows:

Customer	Sales Amount	Percent	Accounts Receivable	Percent
A	$422,800	39%	–	–
B	$294,000	27%	–	–
C	$147,875	13%	–	–
D	$158,400	15%	$88,200	94%

NOTE K – INCOME TAX

At December 31, 2016 and 2015 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 38%. 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 been established at December 31, 2016 and 2015.

The significant components of the deferred tax asset at December 31, 2016 and 2015 were as follows:

	December 31,	
	2016	2015
Current Deferred benefit:	$203,601	$ 293,576
Valuation allowance	(203,601)	(293,576)
(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,	
	2016	2015
Combined statutory income tax rate	38%	38%
Valuation allowance	(38%)	(38%)
Effective tax rate	-	-

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Enviro Voraxial Technology, Inc.
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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,	
	2016	2015
Net operating loss carry-forward	$4,788,959	$4,585,358
Valuation allowance	(4,788,959)	(4,585,358)
Deferred income tax asset	$-	$-

The Company has made a 100% valuation allowance of the deferred income tax asset at December 31, 2016, as it is not expected that the deferred tax assets will be realized. The Company has a net operating loss carryforward of $12,678,304 available to offset future taxable income through 2036.

The Company's federal income tax returns for the three years ended December 31, 2016 remains subject to examination by the Internal Revenue Services as of December 31, 2016.

NOTE L – SUBSEQUENT EVENTS

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 balance 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. In addition, in consideration of the advance, the Company issued the third party 50,000 shares of the Company's restricted common stock. Proceeds from the advance have been used to satisfy working capital requirements.

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, the "Purchasers"). Under the agreement, subject to conditions to closing, the Company shall sell its intellectual property, substantially consisting of its Voraxial patents, marks, software and copyrights, to the Purchasers in consideration of up to four million dollars ($4,000,000), of which three million dollars ($3,000,000) is payable at closing and one million dollars ($1,000,000) payable upon the completion of both 1) the complete transfer of the intellectually property to Purchasers and 2) the provision by the Company of transition information, assets and services to Purchasers, which is estimated to be approximately 12 months from the closing date. In addition, following the closing the Company shall receive a worldwide, royalty-free license from the Purchasers, to make, use, sell, offer for sale, and import products and processes embodying the intellectual property outside the oil-and-gas market. In addition, the Company and the Purchasers, upon the closing of the agreement, shall enter into a supply agreement for certain manufacturing rights. The agreement contains representations, warranties and covenants of the parties customary for a transaction of this type. Each party's obligation to consummate the transaction is subject to customary closing conditions and the condition that all representations and warranties, including a representation that no material adverse change has occurred, are true and correct on the date of closing as if made on such date. The agreement is subject to customary termination provisions and, in addition, may be terminated by the Company or the Purchasers if specified closing conditions have not been fulfilled by May 30, 2017, unless the terminating party has failed to comply with or perform its covenants and obligations in the agreement at the time of such termination.

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