

EMVELCO CORP.  
Form 10QSB  
November 14, 2007

**United States  
Securities and Exchange Commission**  
Washington, D.C. 20549

**Form 10-QSB**

(Mark One)

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

For the quarterly period ended September 30, 2007

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

Commissions file number 001-12000

**EMVELCO CORP.**

(Exact name of small business issuer as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**13-3696015**

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

468 N. Camden Drive, Suite 315, Beverly Hills, CA 90210

(Address of principal executive offices)

**+1 (310) 285-5350**

Issuer's telephone number

**+1 (310) 285-5353**

Issuer's facsimile number

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

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

**Common Stock, \$.001 par value**  
(Class)

**4,609,181**  
(Outstanding at October 31, 2007)

Transitional Small Business Disclosures Format (Check one): Yes  No



**EMVELCO CORP.**

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**EMVELCO CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

	September 30, 2007 (Unaudited)	December 31, 2006 (Audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 68,063	\$ 2,852,620
Related party receivable (Note 12)	580,000	450,000
Prepaid and other current assets	544,653	146,863
Restricted cash - certificate of deposit (Note 3)	8,409,760	--
Loans to Affiliate - Emvelco RE Corp (Note 5)	8,994,326	--
Loans to Affiliate - Verge Living Corporation (Note 5)	12,146,750	--
Total current assets from continuing operations	30,743,552	3,449,483
Total assets of discontinued operations	--	6,859,183
Total current assets	30,743,552	10,308,666
Construction in progress	903,626	--
Restricted cash - certificate of deposit	--	8,093,820
Loan to Emvelco Re Corp	--	11,738,940
Investment in affiliates, at cost	--	50,000
Investment in affiliates, at equity	--	500,000
Total assets	\$ 31,647,178	\$ 30,691,426
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Other current liabilities	18,476	253,294
Accrued expenses	174,220	762,083
Secured Bank loans (Note 6)	7,475,692	--
Total current liabilities of continuing operations	7,668,388	1,015,377
Total liabilities of discontinued operations	--	2,824,992
Total current liabilities	7,668,388	3,840,369
Other long term liabilities	201,020	--
Bank loan (Notes 6, 12)	720,000	3,000,000
Total liabilities	8,589,408	6,840,369
Commitments and contingencies (Note 8)		
Stockholders' equity		
Common stock, \$.001 par value - Authorized 35,000,000 shares; 5,889,074 shares issued of which 4,609,181 and 5,412,270 shares are outstanding, respectively	4,609	5,413
Additional paid-in capital	52,224,829	52,224,829
Accumulated deficit	(27,059,343)	(27,389,840)
Accumulated other comprehensive income	5,386	5,539
Treasury stock - 1,279,893 Common shares, at cost	(2,117,711)	(994,884)
Total stockholders' equity	23,057,770	23,851,057
Total liabilities and stockholders' equity	\$ 31,647,178	\$ 30,691,426

See accompanying notes to condensed consolidated financial statements.

**EMVELCO CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**(LOSS)**  
(Unaudited)

	<b>Nine months ended</b>		<b>Three months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2007</b>	<b>2006*)</b>	<b>2007</b>	<b>2006*)</b>
<b>Revenues</b>	\$ 6,950,000	\$ 4,764,201	\$ 6,950,000	\$ 1,369,684
<b>Cost of revenues</b> (Exclusive of depreciation and amortization shown separately below)	6,436,006	1,447,486	6,436,006	303,698
<b>Operating expenses</b>				
Compensation and related costs	328,547			