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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 2004
or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _________ to _________

Commission File No. 000-30069

ENVIRO-ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	95-4520761
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2121 N. Waterworks, Spokane, WA.	99216
(Address of principal executive offices)	(Zip Code)

509-252-5850
(Registrant's telephone number, including area code)

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. **[X] Yes** [ ] No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] **No [X]**

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. [ ] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Common stock, $0.001 par value per share, 300,000,000 shares authorized, 261,948,099 issued and outstanding, Preferred Stock, $0.001 par value per share, 10,000,000 shares authorized, 4,000,000 issuable and considered outstanding as of March 31, 2004 and 2003.

INDEX

PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

PART I. FINANCIAL INFORMATION

ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS

ENVIRO-ENERGY CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2004 (Unaudited)	December 31, 2003
ASSETS		
CURRENT ASSETS		
Cash	$ 86	$ 471
Contracts and retainages receivable	971,709	846,300
Cost and estimated earnings in excess of billings on uncompleted contracts	1,047,791	865,616
Accounts receivable, related parties	298,576	305,007
Unbilled receivables	87,094	94,780
Accounts receivable, other	748	748
Prepaid insurance and deposits	11,710	18,801
Other current assets	25,052	25,052
Total Current Assets	2,442,766	2,156,775
PROPERTY AND EQUIPMENT, net of depreciation	1,484,096	1,628,929
OTHER ASSETS		
Goodwill	734,231	734,231
TOTAL ASSETS	$ 4,661,093	$ 4,519,935
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Overdrafts payable	$ 2,108	$ 39,332
Accounts payable and accrued liabilities	1,103,688	1,055,061
Accounts payable, related parties	39,364	39,364
Billings in excess of costs and estimated earnings on uncompleted contracts	298	138,775
Notes payable - current maturities	63,674	63,674
Lease payable	11,604	15,904
Loans from shareholders	351,826	351,826
Line of credit	518,372	-
Total Current Liabilities	2,090,934	1,703,936
LONG-TERM DEBT		
Notes payable, net of current maturities	100,628	118,890
Total Long-Term Liabilities	100,628	118,890
COMMITMENTS AND CONTINGENCIES	90,125	90,125
REDEEMABLE PREFERRED STOCK	4,000,000	4,000,000
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, 300,000,000 shares authorized, $.001 par value; 261,948,099 shares issued and outstanding	261,948	261,948
Additional paid-in capital	14,416,340	14,416,340
Accumulated deficit	(16,298,882)	(16,071,304)
Total Stockholders' Equity (Deficit)	(1,620,594)	(1,393,016)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 4,661,093	$ 4,519,935

The accompanying condensed notes are an integral part of these financial statements.

ENVIRO-ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

		Three Months Ended March 31,		
		2004 (Unaudited)		2003 (Unaudited)
SALES	$	1,500,762	$	2,112,989
COST OF GOODS SOLD		1,423,185		1,718,645
GROSS PROFIT		77,577		394,344
EXPENSES				
General and administrative		289,579		364,831
TOTAL EXPENSES		289,579		364,831
LOSS FROM OPERATIONS		(212,002)		29,513
OTHER EXPENSE				
Interest expense		11,800		19,747
Other expense		3,776		2,161
TOTAL OTHER INCOME (EXPENSE)		15,576		21,908
INCOME (LOSS) BEFORE INCOME TAXES		(227,578)		7,605
INCOME TAXES		-		-
NET INCOME (LOSS)	$	(227,578)	$	7,605
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	$	nil	$	nil

The accompanying condensed notes are an integral part of these financial statements.

ENVIRO-ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2004 (Unaudited)	Three Months Ended March 31, 2003 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (227,578)	$ 7,605
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	97,548	115,889
Loss on disposition of assets	26,985	22,000
Issuance of common stock for services	-	16,000
Decrease (increase) in assets:		
Contract receivables	(125,409)	44,448
Unbilled receivables	7,686	(70,058)
Other receivables	-	66,249
Short term receivable	-	22,000
Costs and estimated earnings in excess of billings on uncompleted contracts	(182,175)	(120,991)
Related party receivable	6,431	(663,907)
Other assets	-	-
Prepaid expenses and deposits	7,091	10,208
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	48,627	51,353
Accounts payable - related party	-	(35,684)
Commitments and contingencies	-	-
Lease payable	(4,300)	-
Billings in excess of costs and estimated earnings on uncompleted contracts	(138,477)	(230,883)
Net cash provided by operating activities	(483,571)	(765,771)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	20,300	-
Acquisition of property and equipment	-	-
Net cash provided by (used in) investing activities	20,300	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in bank overdraft	(37,224)	(174,469)
Increase (decrease) in line of credit	518,372	989,690
Increase in related party note payable	-	6,391
Principal payments on long-term debt	(18,262)	(75,943)
Sale of treasury stock	-	22,000
Net cash used in financing activities	462,886	767,669
Change in cash	(385)	1,898
Cash, beginning of period	471	430
Cash, end of period	$ 86	$ 2,328
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	$ 11,800	$ -
Income taxes paid	$ -	$ -

The accompanying condensed notes are an integral part of these financial statements.

Enviro-Energy Corporation
Notes to Financial Statements
For the period ended March 31, 2004

NOTE 1 – BASIS OF PRESENTATION OF UNAUDITED INTERIM FINANCIAL INFORMATION

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and with instructions to Form 10-QSB pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information required by accounting principles generally accepted in the United States of America for complete financial statements.

The accompanying financial statements should be read in conjunction with the audited financial statements of the Company included in the Company's December 31, 2003 Annual Report on Form 10-KSB.

In the opinion of management, all adjustments, consisting only of normal recurring accruals considered necessary for a fair presentation, have been included. The results of operations for the three-month period ended March 31, 2004 are not necessarily representative of operating results to be expected for the entire fiscal year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 used in preparing the accompanying consolidated financial statements include those involved in determining contract revenue under the percentage-of-completion method, the determination of the deferred tax asset valuation allowance, and the valuation of assets, including goodwill, acquired in business combinations. Actual results could differ from those estimates.

Going Concern
The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has incurred an accumulated deficit of $16,298,882 through March 31, 2004. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Management has established plans to make the Company profitable at lower revenue levels. These plans include decreasing its operating and administrative costs through employee reductions and other cost cutting measures, selling excess equipment, canceling remote yard leases, subletting excess space at its permanent facility, and limiting contract bids to the immediate operating area of the Company. Management believes that if it is able to renew its $1,000,000 operating line of credit, that these funds will be sufficient to meet cash needs for the next twelve months.

Enviro-Energy Corporation
Notes to Financial Statements
For the period ended March 31, 2004

Reclassifications
Certain reclassifications of 2003 amounts have been made in the accompanying consolidated financial statements to conform to the 2004 presentation, with no effect on the previously reported net income.

NOTE 3 – CONTRACTS IN PROGRESS

For the period ended March 31, 2004, contract amounts, costs, and estimated earnings to date on completed contracts and contracts in progress were as follows:

	2004		
	Contract Revenues	Contract Cost	Gross Profit
Total construction activity	$ 1,500,762	$ 1,423,185	$ 77,577
Construction contracts completed during the period	42,166	19,297	22,869
Construction contracts in progress at March 31, 2004	$ 1,458,596	$ 1,403,888	$ 54,708

Contracts in progress as of March 31, 2004 were as follows:

	Gross Profit
Cumulative costs to date	$ 1,423,186
Cumulative gross profit to date	77,577
Cumulative revenue earned	1,500,763
Less progress billings to date	453,270
Net under billings	$ 1,047,493

The following is included in the accompanying balance sheet under these captions as of March 31, 2004:

Costs and estimated earnings in excess of billings on uncompleted contracts	$ 1,047,791
Billings in excess of costs and estimated earnings on uncompleted contracts	298
Net under billings	$ 1,047,493

Enviro-Energy Corporation
Notes to Financial Statements
For the period ended March 31, 2004

NOTE 4 – LINE OF CREDIT

Colvico, Inc. maintains a $1,000,000 revolving line of credit agreement with a local bank. The line expires in July 2004. Borrowings on the line bear interest at the bank's prime rate plus 0.5%. Borrowings are collateralized by all equipment of the Company and are personally guaranteed by the president of Colvico, who is also an officer/director and stockholder of the Company.

As of March 31, 2004, the outstanding balance on the line of credit was $518,372.

NOTE 5 – REDEEMABLE PREFERRED STOCK

The Company is authorized to issue 10,000,000 shares of its $0.001 par value preferred stock. As of March 31, 2004, there are 4,000,000 shares considered outstanding.

On January 29, 2002, the Company acquired all of the outstanding common shares of Colvico, Inc. in a transaction where the aggregate purchase price was $4,000,000, which was to be paid by the issuance of 4,000,000 shares of $1 face value redeemable and convertible preferred stock. Unredeemed shares are convertible at a ratio of 4 common shares to 1 preferred share. The Company has not yet administratively issued the preferred stock.

It appears that the holder of the preferred shares has the right to redeem his shares at the $1 face value. As of March 31, 2004, no demand for redemption had been made, and if made, the Company would default on the shares as it lacks the cash to redeem the shares. An event of default could give the holder of the shares the right to foreclose on all the assets of Colvico.

In addition to the stated conversion rate of 4 common shares to 1 preferred share, the preferred shares may contain a “to market” adjustment feature where the number of common shares issuable, increases proportionally if the market price is below $0.25 per share. Given that the current market price of the Company’s common stock is less that $0.01, existing shareholders will suffer substantial dilution if the preferred shares are converted to common shares.

NOTE 6 – RELATED PARTY TRANSACTIONS

The accompanying financial statements include shareholder and related party notes receivable of $298,576 and $305,007 at March 31, 2004 and December 31, 2003, respectively. These notes are unsecured, non-interest bearing and have no stated maturity. It appears that the presence of the shareholder receivable at December 31, 2003 is in violation of the Sarbanes-Oxley Act.

NOTE 7 - COMMITMENT AND CONTINGENCIES

Preferred Stock
When the Company acquired all the outstanding shares of Colvico, Inc. in January 2002, the purchase price of $4,000,000 was to be paid through the issuance of 4,000,000 shares of $1 face value redeemable and convertible preferred stock. As of March 31, 2004, these shares have not been administratively issued, but are reported as outstanding.

There is a discrepancy between the documents that define the rights and preferences of the preferred stock and the final stock purchase agreement. The holder of the preferred shares is also the Company's sole executive officer. The outcome of any redemption or conversion demand made upon the Company is uncertain at this time.

The preferred shares also have a redeemable feature, which, although not clearly defined in the stock purchase agreement, appears to allow the holder to demand that the Company redeem the holder's shares at their face value of $1 per share. While no demand has been made as of March 31, 2004, the Company believes that a demand will be made within the next 12 months. If demand were made upon the Company, and the Company was determined to be obligated to redeem the shares at face value, the Company may be unable to meet its redemption obligation and be in default. An event of default could give the holder of the shares the right to foreclose on all the assets of Colvico.

<u>Lease Litigation</u>
In February 2002, the Company entered into a long-term operating lease agreement for office facilities and subsequently vacated the facility and sought to terminate the lease. In October 2002, the lessor filed a suit against the Company seeking approximately $200,000 of the remaining lease payments. In 2003, the parties settled the suit for approximately $33,000 to be paid by the Company. After making an initial payment of $10,000, the Company obligated itself to pay the balance in monthly payments of $2,000 bearing interest at 8%. As of March 31, 2004, $11,604 remains due under this agreement.

<u>Leases</u>
The Company entered into two operating lease agreements for rental of office and warehouse space in the state of Washington with a term of five years, commencing May 18, 2003. These leases require payments of taxes, insurance, and maintenance costs by the Company. The Company subleases portions of its office and warehouse facilities, to a related party, under a month-to-month lease agreement for $2,500 per month.

<u>Penalties</u>
The Company is subject to various penalties and liquidated damages in the event that certain jobs are not completed by the contracted completion date. Management does not believe that the outcome of these matters will have a material effect on the Company's financial position or results of operations.

<u>Litigation</u>
In October 2003, a complaint was filed against the Company and its subsidiaries by Systems Technologies ("Systems") in connection with work Systems performed on the Ferreira Farms digester project. Systems claims it is owed approximately $145,000. The Company believes it has meritorious defenses to the complaint, but litigation is inherently uncertain and the Company may not prevail in this matter.

In October 2003, a complaint was filed against the Company by Donald and William Tulloch and the estate of Kenneth Tulloch in Spokane County Superior Court, alleging that they are owed approximately $435,000 on a promissory note issued by the Company in connection with its purchase of Environmental Reclamation Inc. Prior to the filing of this claim, the Company had no knowledge of any promissory note. The case is in the early stages of discovery and no determination has yet been made as to the probability that a loss has been incurred. No loss amount has been accrued in these financial statements.

In addition to those cases listed above, the Company and its subsidiaries are involved in various legal proceedings that have arisen in the ordinary course of business. The outcome of such proceedings is uncertain and may materially adversely affect the Company, although, in the opinion of the Company's management, all such proceedings are either adequately covered by insurance or, if not so covered, should not ultimately result in any liability which would have a material adverse effect on the financial position, liquidity or results of operations of the Company. The Company expenses routine legal costs related to such proceedings as incurred.

<u>Contract Guarantees</u>
In March of 2002, the Company entered into an agreement with Alan David LLC (hereinafter "ADL") for the sale and operation of the Company's bio-waste-to-energy system. Under the terms of the agreement, the Company guaranteed ADL a 23% minimum annual return on its invested capital, and pledged the assets of the Company and its subsidiaries to guarantee the minimum return to ADL.

The Company has accrued $90,125 as a liability to ADL, which is due in the second quarter of 2004. The Company is currently in negotiations with ADL to reduce this liability. The outcome of these negotiations cannot be determined as of this report date.

NOTE 8 – SUBSEQUENT EVENTS

<u>Bonding Agreements</u>
The Company has a bonding agreement with a surety company for its projects. As part of the bonding agreement, the surety has recourse against all of the Company's assets, and the surety's obligations are indemnified by the Company's CEO and former sole shareholder of Colvico. At March 31, 2004, the Company had letters of credit totaling $500,000 securing construction bonds.

The bonding company has notified the Company that it will not bond any further work. This notice is effective for jobs started after April 1, 2004. The Company is seeking alternative bonding options. There is no guarantee that the Company will be able to secure bonding, or that bonding can be secured under profitable terms. If the Company is unable to secure adequate bonding, it could have significant negative impact on the Company's future operations.

<u>Bank Line of Credit</u>
The Company has been notified by its bank that, because of recurring operating losses, it may not renew the Company's line of credit when it matures in July, 2004 without the personal guarantee of the Company's CEO, and prior owner of Colvico, Mr. Cory Colvin. The Company is seeking alternative replacement financing which will not require a personal guarantee. There is no guarantee that the Company will be able to secure a replacement financing, or that financing can be secured under terms acceptable to the Company. If the Company is unable to secure financing, it would have significant negative impact to the Company's operations.
<u>Negotiations</u>
As previously reported, the Company was in negotiations with third parties regarding the recapitalization of the Company and renewing the business efforts of EFMI. These negotiations have stopped. There is no indication that these negotiations will continue at a later date.

<u>Litigation</u>

In April 2004, a complaint was filed against the Company by The Northern Insurance Company of New York & Maryland Casualty Company, alleging that they are owed approximately $45,293 on an unpaid balance for insurance The Company believes it has meritorious defenses to the complaint, but litigation is inherently uncertain and the Company may not prevail in this matter.

ITEM 2 - MANAGEMENT DISCUSSION & ANALYSIS OF PLAN OF OPERATION

The following discussion and analysis should be read in conjunction with the Company's Financial Statements and notes thereto included elsewhere in this Form 10-QSB. Except for historical information contained herein, the discussion in this Form 10-QSB contains certain forward looking statements that involve the risks and uncertainties, such as statements of the Company's plans, objectives, expectations and intentions. The cautionary statements made in this Form 10-QSB should be read as being applicable to all related forward-looking statements wherever they appear in this Form 10-QSB. These statements include, without limitation, statements concerning potential operations and results of the company and information relating to the quarter ending March 2004 matters, described below. The company's actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, without limitation, to those factors discussed herein and in the Company's Form 10-KSB for the year ending December 31, 2003.

OVERVIEW

A lack of sufficient operating capital is a major issue for the Company. The Company has, since acquiring it in January 2002, relied upon the revenue stream and cash flows of its subsidiary, Colvico, to fund operations in its other business sector. Colvico revenues have decreased substantially in the past 3 years and losses have eliminated available capital.

Colvico maintains a bank line of credit for financing of construction projects. Cory Colvin, the former owner of Colvico, current CEO of the Company, and an indirect owner of approximately 30% of the outstanding shares of the Company, personally guarantees this line of credit. Mr. Colvin has decided that he will not renew his personal guarantee when the line of credit expires on April 30, 2004. Without this personal guarantee, it is doubtful that the bank will continue to finance Colvico projects. The Company is seeking alternative banking relationships that will not require the personal guarantee of Mr. Colvin or other shareholders. As an additional source of working capital, the company may choose to sell certain capital equipment.

Colvico has a bonding agreement with a surety company for its projects. As part of the bonding agreement, the surety has recourse against all of the Company's assets, and the surety's obligations are indemnified by Mr. Colvin. At December 31, 2003, the Company had letters of credit totaling $500,000 securing construction bonds.

The bonding company has notified the Company that it will not bond any further work. This notice is effective for jobs started after April 1, 2004. The Company is seeking alternative bonding options. There is no guarantee that the Company will be able to secure bonding, or that bonding can be secured under profitable terms. If the Company is unable to secure adequate bonding, it could have significant negative impact on the Company’s future operations.

When the Company acquired all the outstanding shares of Colvico, Inc. in January 2002, the purchase price of $4,000,000 was to be paid through the issuance of 4,000,000 shares of $1 face value redeemable and convertible preferred stock. As of December 31, 2003, these shares have not been administratively issued.

A discrepancy exists between the documents that define the rights and preferences of the preferred stock and the final stock purchase agreement dated January 29, 2002. Mr. Colvin is the holder of the preferred shares and is also the Company’s sole executive officer.

The preferred stock became convertible after January 29, 2003. Also clouded by discrepancy is the conversion feature of the preferred stock which could result in substantial shareholder dilution. In addition to the stated conversion rate of 4 common shares to 1 preferred share, the preferred shares may contain a “to market” adjustment feature where the number of common shares issuable increases proportionally if the market price is below $0.25 per share. Given that the current market price of the Company’s common stock is less that $0.01, existing shareholders will suffer substantial dilution if the preferred shares are converted to common shares.

The preferred shares also have a redeemable feature, which, although not clearly defined in the stock purchase agreement, appears to allow Mr. Colvin to demand that the Company redeem the shares at their face value of $1 per share. No redemption demand has been made as of December 31, 2003. If Mr. Colvin were to make demand for redemption upon the Company, and the Company was determined to be obligated to redeem the shares at face value, the Company may be unable to meet its redemption obligation and be in default. An event of default could give Mr. Colvin the right to foreclose on the assets of Colvico.

Mr. Colvin has indicated that he will make demand upon the Company for redemption of his redeemable preferred stock. If the company cannot pay Mr. Colvin the $4,000,000 redemption value, Mr. Colvin will proceed with legal proceedings to acquire payment in full or seek recission. Additionally, as stated earlier in this section, Mr. Colvin will remove his personal guarantee of the bank operating line of credit and all bonding lines. With this removal of personal guarantees, the bank has informed Colvico, Inc that it will not renew the operating line and will take steps to insure repayment.

The Company had been in negotiations with third parties regarding the recapitalization of the Company and renewing the business efforts of EFMI. As of the date of this report, those negotiations have ceased and there is no indication that they will resume. If negotiations are resumed, an agreement, if reached, may include the Company divesting itself of the Colvico assets to Mr. Colvin and removing Colvico and Mr. Colvin from several lawsuits currently pending while holding them harmless in any future actions. It is not possible to determine if an agreement is reached, if it will be on terms acceptable to the shareholders of the Company.

Because of the many uncertainties with regards to the Company, the preferred shares, and the ability of the Company to continue as a going concern, Mr. Colvin may pursue other business opportunities, some of which may be in the same industry as the Company. The Company does not have an employment contract with Mr. Colvin.

The above factors, if not remedied under terms favorable to the Company, could impact the Company’s, ability to continue as a going concern.

<u>Bio-Waste Sector</u>

This sector is organized under the Company’s wholly owned subsidiary EFMI.

The Company emerged from 2002 with what it thought was a substantial opportunity to enter a mature market in need of product. This market is for processes capable of economically treating manure waste streams generated by confined animals. The vast majority of farms in the world are small. To be price and operationally viable any solution capable of satisfying total demands needed to be produced in a manufactured mode with attending remote monitoring and operations.

The Company believed that it had designed such a product using extensive modifications to the non-exclusive license of a patent for large scale bio-waste remediation. In March of 2002 the Company entered into an agreement with Alan David LLC (hereinafter "ADL") for the sale and operation of the Company's bio-waste-to-energy system. Due to numerous design, engineering and mechanical problems, this unit, which was sold in March 2002, has yet to become operational despite the significant effort and investment of capital by the Company and its subsidiaries. Under the terms of the agreement, the Company guaranteed ADL a 23% minimum annual return on its invested capital, and pledged the assets of the Company and its subsidiaries to guarantee the minimum return to ADL.

In recognition of contractual commitments, the Company has accrued $90,125 as a liability to ADL, which is due in the second quarter of 2004. The Company is currently in negotiations with ADL to reduce this liability. The outcome of these negotiations cannot be determined as of this report date.

Prior to March 31, 2004 the Company had ceased all activities in this sector until sufficient funding is secured.

Construction Sector

This sector is organized under the Company's wholly owned subsidiary Colvico.

Colvico revenues have decreased substantially in the past 3 years and recurring losses have eliminated available capital.

Management has established plans to make the Company profitable at lower revenue levels. These plans include decreasing its operating and administrative costs through employee reductions and other cost cutting measures, selling excess equipment, canceling remote yard leases, subletting excess space at its permanent facility, and limiting contract bids to the immediate operating area of the Company. Management believes that if it is able to renew its $1,000,000 operating line of credit, that these funds will be sufficient to meet cash needs for the next twelve months.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2004 COMPARED WITH THE THREE MONTH PERIOD ENDED MARCH 31, 2003.

Revenues from the company were generated primarily from Colvico, Inc. a wholly owned subsidiary for both periods.

Total revenues for the three month period ended March 31, 2004 decreased by $612,227 to $1,500,762 from $2,112,989 for the three months ended March 31, 2003

The decrease was due to a tighter market in the construction industry.

COST OF SALES. The Company's cost of sales consists primarily of direct and indirect costs incurred in connection with construction projects. Total cost of sales for the three months ended March 31, 2004 decreased by $295,460 to $1,423,185 from $1,718,645 for the three months ended March 31, 2003.

As a result of the foregoing, gross profit for the three months ended March 31, 2004 decreased by $316,767 to $77,577 or 5.2% of net revenues, compared to $394,344, or 18.66% of net revenues, for the three months ended March 31, 2003.

GENERAL AND ADMINISTRATIVE EXPENSE. General and administrative expenses for the three months ended March 31, 2004 decreased by $75,252 to $289,579 from $364,831 for the three months ended March 31, 2003. This decrease was primarily due to reduction in work force.

OTHER EXPENSE . Other expense for the three months ended March 31, 2004 decreased by $6,332 to $15,576 as compared to $21,908 for the three months ended March 31, 2003.

LIQUIDITY AND CAPITAL RESOURCES. From its inception through March 31, 2004, the Company has incurred cumulative losses of approximately $16,300,000. The Company has financed its operations to date through borrowings, and the issuance of common stock.

As of March 31,2004 the company had working capital of $351,832. Including cash of $86, contracts and accounts receivable of $971,709, Costs and estimated earnings in excess of billings of $1,047,791 and prepaid expenses of $37,510, offset by overdrafts payable of $2,108, accounts payable of $1,103,688, related party payable of $39,364, billings in excess of costs and estimated earnings on uncompleted contracts of $298, current maturities of long-term debt of $63,674, lease payable of $ 11,604, loans from shareholders of $351,826 and operating line of credit of $518,372.

The company has incurred cumulative losses since its inception and, therefore, has not been subject to federal income taxes. Through March 31, 2003, the Company has generated net operating losses in excess of $16,000,000 that may be available to reduce future taxable income and future tax liabilities. These carry forwards expire incrementally through 2018.

Management has established plans to make the Company profitable at lower revenue levels. These plans include decreasing its operating and administrative costs through employee reductions and other cost cutting measures, selling excess equipment, canceling remote yard leases, subletting excess space at its permanent facility, and limiting contract bids to the immediate operating area of the Company. Management believes that if it is able to renew its $1,000,000 operating line of credit, that these funds will be sufficient to meet cash needs for the next twelve months.

ITEM 3. CONTROLS AND PROCEDURES

Within the 90 days prior to the date of this report, the company carried out an evaluation, under the supervision and with the participation of the company's management, including the company's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the principal executive officer and principal financial officer concluded that the company's disclosure controls and procedures are effective in timely alerting them to material information relating to the company required to be included in the company's periodic SEC filings.

PART II. OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

In October 2003, a complaint was filed against the Company and its subsidiaries by Systems Technologies ("Systems") in connection with work Systems performed on the Ferreira Farms digester project. Systems claims it is owed approximately $145,000. The Company believes it has meritorious defenses to the complaint, but litigation is inherently uncertain and the Company may not prevail in this matter.

In October 2003, a complaint was filed against the Company by Donald and William Tulloch and the estate of Kenneth Tulloch in Spokane County Superior Court, alleging that they are owed approximately $435,000 on a promissory note issued by the Company in connection with its purchase of Environmental Reclamation Inc. Prior to the filing of this claim, the Company had no knowledge of any promissory note. The case is in the early stages of discovery and no determination has yet been made as to the probability that a loss has been incurred. No loss amount has been accrued in these financial statements.

In addition to those cases listed above, the Company and its subsidiaries are involved in various legal proceedings that have arisen in the ordinary course of business. The outcome of such proceedings is uncertain and may materially adversely affect the Company, although, in the opinion of the Company's management, all such proceedings are either adequately covered by insurance or, if not so covered, should not ultimately result in any liability which would have a material adverse effect on the financial position, liquidity or results of operations of the Company. The Company expenses routine legal costs related to such proceedings as incurred.

Legal Proceedings - Subsequent Event

In April 2004, a complaint was filed against the Company by The Northern Insurance Company of New York & Maryland Casualty Company, alleging that they are owed approximately $45,293 on an unpaid balance for insurance The Company believes it has meritorious defenses to the complaint, but litigation is inherently uncertain and the Company may not prevail in this matter.

ITEM 2 - CHANGES IN SECURITIES

During the quarter ended March 31, 2003, the Company issued 3,000,000 shares for services and financing enticements.

There were no changes for the quarter ended March 31, 2004.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5 - OTHER INFORMATION

The accompanying financial statements include shareholder and related party notes receivable of $298,576 and $305,007 at March 31, 2004 and December 31, 2003, respectively. These notes are unsecured, non-interest bearing and have no stated maturity. It appears that the presence of the shareholder receivable at December 31, 2003 is in violation of the Sarbanes-Oxley Act.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) *Exhibits*

Exhibit 31 – Certification required by Rule 13a-14(a) or Rule 15d-14(a)
Exhibit 32 – Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

(b) *Reports on Form 8-K:*

The Company filed no reports on Form 8-K during the period ended March 31, 2004.

PART III. SIGNATURES

Pursuant to the requirements of the Securities and Exchange act of 1934, the Registrant has duly caused this report to be signed on behalf of the undersigned thereunto duly authorized.

ENVIRO-ENERGY CORPORATION

Date: May 24, 2004

/s/Cory Colvin
Cory Colvin
Chief Executive Officer and Chief Financial Officer

CERTIFICATION

I, Cory Colvin, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Enviro-Energy Corporation.

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report.

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of and for the periods presented in this annual report.

4 I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies in the design or operations of internal controls which could adversely affect the Registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and
b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

Date: May 24, 2004

/s/Cory Colvin
Cory Colvin
Chief Executive Officer and Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO THE SARBANES-OXLEY ACT
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, Cory Colvin, Chief Executive Officer and Chief Financial Officer of Enviro-Energy Corporation (the "Registrant") do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. This Quarterly Report on Form 10-QSB of the Registrant for the fiscal period ended March 31, 2004, as filed with the Securities and Exchange Commission (the "report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 24, 2004

/s/ Cory Colvin
Cory Colvin
Chief Executive Officer and Chief Financial Officer