

CVF

Technologies Corporation

- ◆ *Letter to Shareholders*
- ◆ *2001 Annual Report on Form 10-K*

August 5, 2002

CVF President's Letter to Shareholders

In last year's Annual Report, CVF said that it would focus in FY2001 on laying the foundation to increase profitability of its investee companies and consolidate its portfolio. As can be seen in the first quarter FY2002 results CVF has gone a long way towards meeting these objectives despite a very difficult year in the world economy.

In FY2001 CVF put in place very strict spending policies and procedures and expense controls for its investee companies and CVF itself. CVF has reduced its headcount by two, moved to lower cost office space in Williamsville, New York, closed down its Charlotte, North Carolina office, cut back significantly on travel, legal, accounting and other overhead expenses. The low cost production of this annual report is a concrete example of a significant overhead saving while still communicating the key results information to our shareholders.

In September 2001 CVF gave strict directions to all of its investee companies to be on their own cash flow before December 31, 2001. As can be seen from the first quarter FY2002 results, most of CVF's portfolio companies have achieved this result.

Biorem (69 % owned by CVF) whose sales dropped off in FY2001 laid the foundation for a major increase in sales and built a back log of sales contracts and purchase orders in Q1 FY2002 of over USD\$3.25M. Biorem was profitable in Q1 FY2002 and is now on its own cash flow with improved gross margins and cost controls. It is now the leading biofilter company in North America supplying products to a market that totals over USD\$1.5B. We expect to see continued growth and profitability of up to 50% per year in Biorem over the coming years thanks to the excellent team at Biorem.

SRE (75% owned by CVF) had lower sales revenue in FY2001 and in the first quarter of 2002 due mainly to its large OEM customer reducing sales of forklifts due to the economic slow down. In response to this reality CVF is working with SRE and has put in place strict spending controls and made management changes including replacing the sales force with a new team and a new experienced Director of Operations in Q4 FY2001. The effect of these changes should now start to bear fruit with improved results in Q3 FY2002 and with much improved qualified pipeline of business being built up. New products were introduced in FY2001 with a major new product introduction planned for mid FY2002 which has the potential to significantly boost SRE's sales in Q4 FY2002 and thereafter. SRE has successfully won and completed Phase I of a strategic contract for controllers with a leading fuel cell manufacturer. This achievement could lead to very significant future sales for many fuel cell applications for mobile and stationary use and establishes SRE squarely and credibly in the fuel cell/alternative energy key supplier business. CVF continues to back SRE and the company expects to be on its own cash flow and profitable in Q1 FY2003. SRE and CVF are in discussions with a number of strategic investors to help accelerate the growth and potential of SRE through additional investment. SRE has the core competency for large and growing markets and to potentially be a major success for CVF shareholders.

Gemprint™ (65 % owned by CVF) achieved profitability in Q1 FY2002 and has remained on its own cash flow for the first 6 months of FY2002. This is the first time that Gemprint™ has achieved this milestone. The company now has an excellent team in place and the major partnerships and strategic relationships that Gemprint™ established in FY2001, such as Zales (US) and Paulilo (Europe) are now starting to bear fruit in terms of significantly increased revenues and profits. The Gemprint™ business model is designed to be highly profitable with its 80% plus gross margins and to spin out large cash dividends to its shareholders in the coming years of which CVF is the major shareholder. The Gemprint™ partnership with Paulilo in Rome to market Gemprint™ as the “DNA of Diamonds” is a very important European initiative for Diamond branding based on Gemprint™ which has the support of major players in the world diamond industry. It is expected that this relationship could lead to major opportunities in world

markets for Gemprint™ in the branding of diamonds. Gemprint™ is showing considerable growth and profitability in FY2002 as can be evidenced by the FY2002 first 6 months' results.

Ecoval (88 % owned by CVF) was not achieving its objectives in FY2001. The headcount and expenses have been significantly reduced and CVF has taken a “hands on” day-to-day management role in the company. As a result Ecoval, operationally, was generating positive cash flow as of Q1 and Q2 of FY2002 for the first time in its history. Strategically Ecoval has decided to continue to market its own brand in Canada where it is distributing through all the major retailers in Canada, such as Loblaws, Canadian Tire and Home Hardware. It has a license agreement in place with a Danish distributor for the Nordic countries, which is being expanded into other parts of Europe. A Japanese license/distribution partnership is in process of being established. In the U.S. Ecoval has decided to focus on municipalities through distributors and to build private label partnerships with major retail distributors. Two of these are now in place and more are being pursued. New innovative markets for Ecoval's natural insecticide and herbicide have been identified, including the use of its herbicide by the Parks Department of the City of New York for a second year in a row. The company achieved internationally recognized OCPP (Organic Crop Producers and Processors) certification, which means that the Ecoval products meet the requirements and can now be used by organic farmers. The Ecoval products and markets have enormous potential and CVF plans to continue to focus in a “hands-on” way on building the company in the coming years.

As part of the strategy announced in FY2001 of focusing on a smaller, but potentially more successful portfolio, CVF sold its investment in Dantec Corporation for CDN\$900,000. The funds received will be used for general corporate purposes and to support the other portfolio companies which we believe will provide a higher rate of return.

CVF stock has been severely depressed over the last 2 years, but particularly since September, 2001. General market forces are partly responsible, however CVF believes

other non-traditional trading factors beyond CVF's control are responsible for much of the decline. CVF is exploring every option to remedy the situation, so that the CVF stock price can again correctly reflect the true value of the underlying assets of the CVF investment portfolio. With a majority ownership in several profitable and growing companies as already described, it is obvious that CVF's current stockprice is not reflective of its true value.

We at CVF have remained loyal to our core values these many years. The fruits of our labor are now clear. We can now show the value that has been achieved in the portfolio companies quantitatively through their increased profitability and we plan to harvest the value created in our investments over the coming 12 to 24 months for the benefit of all our shareholders.

We wish to thank all our staff, shareholders, support services and all our portfolio management teams for their hard work, diligence and patience in helping CVF achieve these historic milestones. Even better is yet to come. The positive momentum to achieve even greater success is well underway. As the economy turns, our companies are well-positioned to take full advantage of it, however in the meantime the value propositions for all of our investee companies is well-proven in the markets they are in and we expect them to progress quite well in the future.

Sincerely,

Jeffrey I. Dreben

Chairman, President and Chief Executive Officer

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001.

COMMISSION FILE NUMBER 00-29266

CVF TECHNOLOGIES CORPORATION

(Name of Small Business Issuer in its charter)

NEVADA

87-0429335

(State or other jurisdiction of
incorporation or organization)

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

8604 Main Street, Suite 1
WILLIAMSVILLE, NEW YORK

14221

(Address of principal executive offices)

(Zip Code)

(716) 565-4711

(Issuer's telephone number)

Securities registered under Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock (\$0.001 par value)	American Stock Exchange

Securities registered under Section 12(g) of the Act: NONE

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 requirements for the past 90 days.

Yes X No

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

State issuer's revenues for most recent fiscal year: \$12,351,334.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates (based on the closing price on the American Stock Exchange) on March 15, 2002 was approximately \$1,381,664. For purposes of determining this amount only, Registrant has defined affiliates as including (a) the executive officers named in Part III of this 10-KSB report, (b) all directors of Registrant, and (c) each shareholder that has informed Registrant by March 15, 2002 that it is the beneficial owner of 10% or more of the outstanding common stock of Registrant.

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of March 15, 2002:

Common Stock: 10,201,219 shares

Transitional Small Business Disclosure Format: Yes No X

PART I

ITEM 1. DESCRIPTION OF BUSINESS

CVF Technologies Corporation (www.cvfcorp.com) ("CVF" or the "Company") is involved in the business of developing and managing start-up and early stage companies primarily engaged in the information technology and environmental technology sectors. CVF's mandate is to acquire significant holdings in new and emerging technology companies and then to assist them in their management, and through them to engage in their respective businesses. CVF's current holdings include investments made in its investee companies during the period from 1989 to the present.

CVF's mandate is to generate revenues and profits through consolidation of the operating results of its investee companies. CVF also endeavors to realize gains through the eventual sale of all or a portion of its holdings in these companies at such time as management determines that CVF's funds can be better deployed in other industries or companies. CVF's goal is to maximize the value of its holdings in its investee companies for the Company's shareholders. One important way that CVF accomplishes this is by taking an investee company public at the appropriate time. This has been done with the investee companies Certicom Corporation and TurboSonic Technologies, Inc. CVF plans to offer its shareholders the opportunity to directly participate in public offerings of its investee companies, where this is considered appropriate.

After CVF's initial investment, an investee company often requires additional capital to meet its business plan. Consequently, the Company actively assists its investee companies in obtaining additional capital which is usually sourced through CVF's own resources or via other participants. CVF's ability to continue to provide assistance to its investees is subject to the limitations of its own financial resources. CVF has incurred losses over the past year and the past three years. These losses have depleted the Company's cash reserve which significantly limits the Company's ability to assist its investees. See "Factors That May Affect Future Results".

The following is a list of CVF's investee companies (the "Corporations"), showing CVF's percentage ownership in each:

CORPORATION -----	CVF's PERCENTAGE OWNERSHIP OF VOTING SECURITIES -----
1. SRE Controls Inc.	75%
2. Dantec Corporation	54%
3. Biorem Technologies Inc.	69%
4. Gemprint(TM)Corporation	65%
5. Ecoval Corporation	88%
6. CVF Capital Management Corporation	100%
7. CVF Technologies International, Inc.	100%
8. Eastview Marketing One LLC	100%
9. Grand Island Marketing Two LLC	100%
10. Grand Island Marketing Inc.	100%
11. Petrozyme Technologies Inc.	50%
12. IMT Systems Inc.	47%
13. TurboSonic Technologies, Inc.	9%
14. RDM Corporation	5%
15. WZ.COM INC.	4%

The Corporations

With the exception of TurboSonic Technologies, Inc. and RDM Corporation, all of the Corporations are private companies. The following paragraphs provide a brief description of each Corporation. Each Corporation that is actively involved in operating a technology business has its own business plan, history and financial statements and has put effective management teams in place, completed the development of its own products, established markets and distribution channels and sold its products. Some of the Corporations are not actively involved in operating a technology business, but provide management services to other

Corporations, act as holding companies or are inactive.

Proceeds from any additional funding received by the active technology Corporations will be utilized, in each case, primarily for expansion of production and sales capability to enable the Corporation to realize its commercial potential over the next three to five years. As is common with early stage technology companies, each of these Corporations has historically operated at a loss or at break-even and some of them may continue to operate at a loss for the foreseeable future. The ability of these investees to meet their business goals may be subject to limitations of CVF's ability to provide continued financial assistance-see "Factors That May Affect Future Results".

Consolidated Entities:

"Consolidated Entities" refers to those Corporations in which CVF has a greater than 50% ownership of the voting stock. The total assets and liabilities of each of the Consolidated Entities are included within the financial results and position of CVF for the year ended December 31, 2001 and in the comparative balances for the previous two years as shown in the Financial Statements included in Part II, Item 7 of this Form 10-KSB.

The ten Consolidated Entities that are consolidated within the financial results of CVF are as follows:

1. SRE Controls Inc. ("SRE")

SRE (www.srecontrols.com), based in Waterloo, Ontario, designs, manufactures and markets a range of high efficiency programmable electronic motor speed control products for electric vehicles. Examples of the kind of vehicles that use SRE's products are material handling equipment (e.g. forklift trucks), aircraft Ground Support Equipment (GSE), and Neighborhood Electric Vehicles (NEVs). SRE supplies its controller products to both Original Equipment Manufacturers (OEMs) of vehicles through direct sales and to the aftermarket through 60 dealers with over 200 locations throughout North America.

SRE continuously improves and adds to its product line in order to bring the latest technological benefits to its customers. As a result of several years of product development effort, SRE plans to bring unique new motor controller products to market in 2002. These new products are expected to generate significant revenue gains in 2002 and subsequent years. SRE's ongoing investment in research and development continues, with joint development work planned with several fuel cell company as the automotive industry moves toward alternate energy sources.

2. Dantec Corporation ("Dantec")

Dantec (www.dantec.com), a technology company based in Waterloo, Ontario, specializes in on-line product and total process optimization through the development and implementation of advanced process controls. Dantec's technology utilizes proprietary sophisticated process control systems. Dantec's technology has been applied to many different processes in the food processing industry from natural grains to aquaculture, breads and snack foods. Other industrial applications include engineered wood, pharmaceutical and petrochemical products. Dantec's strategy is to provide turnkey, fully automated processes, advanced control solutions and enterprise-wide information systems to its customers worldwide.

In 2001, Dantec continued to focus on growing its business in the food processing industry and industrial market sectors mentioned above. It will continue this focus in 2002 and will continue to develop its strategy of delivering a turnkey approach to its clients on an exclusive basis.

On April 12, 2002 the Company agreed to sell its interest in Dantec. The agreed selling price approximates CVF's carrying value for Dantec.

3. Biorem Technologies Inc. ("Biorem")

Biorem (www.biorem.biz), an industrial biotech company based in Guelph, Ontario, is engaged in the business of applying bioconversion and biotransformation technology to municipal and industrial environmental applications. The business of Biorem is the design and installation of biological air filters, or biofilters, for the removal of odor and other air pollutants from municipal and industrial sources. Since 1999,

Biorem has made significant progress in the commercialization of its biofilter technology, having successfully completed numerous large-scale biofilter installations in the U.S. and Canada and established a network of manufacturers representatives to provide effective coverage of the rapidly growing U.S. municipal odor control market.

In 2000, Biorem introduced a new, superior biofilter media. Biorem also introduced a modular product series adapted for catalogue item type purchases. Both product developments specifically address the dramatically increasing demand for easy to use, highly efficient biofilter systems for air emission control. Building on its recent advances in market access and demonstrated product effectiveness, Biorem expects strong revenue and income growth in 2002.

4. Gemprint(TM)Corporation ("Gemprint")

Gemprint (www.gemprint.com), a Toronto, Ontario based company, is in the business of providing products and services to the jewelry industry to enable diamonds and other precious gems to be uniquely identified non-invasively (fingerprinted) using a patented low power laser imaging system. The results are stored in a data base for later verification and recovery of lost or stolen gems. Gemprint's Isi system has application with all segments of the diamond supply chain (i.e. cutter/polishers, grading laboratories, manufacturers, wholesalers, retailers and Internet traders). Gemprint's Isi system sells for approximately \$7,500. A \$15.00 fee is charged to the user for each registration on the international database, which Gemprint owns and maintains. Law enforcement agencies and many insurance companies support the Gemprint system (approximately 25 insurance companies offer a 10% discount on diamond insurance policies if the insured gem is Gemprinted).

In 2000 Gemprint signed three important agreements employing the use of its technology: (1) a contract with the Government of the Northwest Territories of Canada to design a 'Northern' diamond certificate, to establish an on-site data base and to Gemprint northern diamonds with two major diamond manufacturers involved in the program; (2) an exclusive distribution agreement with Breebaart Group of Rotterdam covering the territory of Europe; and (3) a contract to develop a unique brand of diamond using a special application of the Gemprint technology. In addition, Gemprint has a contract in effect with Stuller Settings of Lafayette, LA under which Gemprint certificates are offered as a value add-on for all diamonds sold by Stuller. Gemprint is also used by several Internet diamond traders.

5. Ecoval Corporation ("Ecoval")

Ecoval (www.naturesglory.com), was incorporated as a Delaware company on December 21, 2000, with its headquarters located in Williamsville, N.Y. Ecoval participated in a series of restructuring transactions involving the Ecoval group of companies that took place during the period from December, 2000 to February, 2001. As a result of these transactions, Ecoval replaced Ecoval Inc. a Canadian company, as the parent company of the Ecoval group and CVF increased its equity ownership from 31% to 88%. Ecoval carries on its operations through its Canadian operating subsidiary, Ecoval International Inc.

Ecoval's business involves the development, manufacture and marketing of a variety of 100% natural fertilizers, environmentally friendly organic herbicides and tree recovery systems targeted primarily for the lawn and garden retail/consumer market and specialty agricultural markets. Pesticide world wide industry sales were \$37 billion (\$11.9 billion in the U.S.) in 1997.

Ecoval owns U.S. patents for its herbicide and its 4-4-8 tree recovery fertilizer. Research results show the herbicide to be efficacious, non-toxic, biodegradable and faster acting than conventional chemical products. Ecoval's herbicide has received regulatory approval in Canada and through the Environmental Protection Agency in the United States. Ecoval also has a proprietary binder technology to enable the homogeneous granulation of gypsum, limestone and feather meal along with other micronutrients. To be cost-effective, Ecoval out-sources its production, packaging and shipping functions. Ecoval's principal focus is to expand product sales into national retail chains through mass merchants in both the United States and Canada. It is also aggressively pursuing sales to governments at the municipal, state and federal levels as well as organic farms. The brand name for both U.S. and Canadian products is Nature's Glory(TM). At present, Ecoval is expanding product distribution in

several regions of the United States, especially the Northwest and Northeast and broadly throughout Canada. Ecoval's natural fertilizers and herbicide have been approved for sale, at both the retail and commercial level, in over 40 states in the United States and all provinces in Canada. Customers include national retail chains, garden centers, nurseries, landscapers, estate caretakers, municipalities, and golf courses.

6. CVF Capital Management Corporation ("CVF Capital Management")

CVF Capital Management was incorporated in the Province of Ontario, Canada on February 1, 2001 in order to provide management services to certain of the Corporations based in southern Ontario. CVF Capital Management is a wholly-owned subsidiary of CVF and is staffed by members of the management team of CVF. Its office is located in Oakville, Ontario.

7. CVF Technologies International, Inc. ("CVF International")

CVF International was incorporated in the State of Delaware on January 29, 1999 for the purpose of providing a base for the expansion of the sales and marketing efforts of the Corporations into the large and rapidly growing markets of the southeastern U.S. CVF International is a wholly owned subsidiary of CVF.

8. Eastview Marketing One LLC ("Eastview")

Eastview was incorporated in the State of New York on December 19, 1997 for the purpose of developing an infomercial to market in the U.S. natural fertilizers and environmentally safe organic herbicides manufactured by Ecoval. The commercial was completed and tested in 1998 and may be re-used in selective markets in the future. Eastview is not currently active.

9. Grand Island Marketing Two LLC ("Grand Island 2")

Grand Island 2 was incorporated on December 17, 1997 in the State of New York. Grand Island 2 is not currently active.

10. Grand Island Marketing Inc. ("Grand Inc.")

Grand Inc. was incorporated in the State of Delaware on January 28, 1998. Grand Inc. holds a 61% interest in an Ontario partnership known as 'Elements'.

Elements (www.Healthyelements.com), based in Toronto, Ontario, carried on the business of operating retail stores and an internet site offering natural health products and health services including naturopathic and homeopathic medicine, registered massage therapy and a juice bar. In September 2001, Elements decided to discontinue its operations. The retail store and internet site were closed but will not be sold and the discontinuance is complete.

Equity Investees:

"Equity Investees" are investee Corporations in which CVF holds 50% or less equity ownership but more than or equal to 20% ownership. The Equity Investees' accounts are not consolidated in CVF's financial statements and the net incomes or losses of the Equity Investees are included in CVF's financial statements only to the extent of CVF's percentage holdings of these entities. The net equity positions, after share of losses, of all other investors have been reduced to nil. As such, the Company has included 100% of the investee losses in income rather than the percentage owned by the Company. It should be noted that prior to December 13, 2000, CVF held only a 31% equity ownership in the Ecoval group, which is therefore accorded accounting treatment as an Equity Investee up to such date. From December 13, 2000 onwards, Ecoval is treated for accounting purposes as a Consolidated Entity (see Item 6 below).

CVF's two Equity Investee's are described below:

11. Petrozyme Technologies Inc. ("Petrozyme")

Petrozyme (www.petrozyme.com), is a Guelph, Ontario based company engaged in the business of developing and marketing its proprietary processes utilizing industrial bio-reactors for the degradation and recovery of petroleum and organic wastes. The

exploration, production and refinement of oil generate significant quantities of oily wastes. According to estimates from the American Petroleum Institute (API), the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy, based on data between 1996 and 1998, the cost to safely manage oily wastes produced in the United States exceeds \$1.75 billion per year.

12. IMT Systems Inc. ("IMT")

IMT Systems, Inc. ["IMT"], is a Waterloo, Canada, private company in the business of developing a traction motor for industrial electric vehicles.

Less Than 20% Owned:

'Less Than 20% Owned' refers to those investee Corporations in which CVF has a less than 20% ownership interest. The direct financial results of the Less Than 20% Owned Corporations are not included in CVF's consolidated financial results. The two Less Than 20% Owned corporations which are publicly traded are carried at market value. It is the intention of CVF to hold its positions in these companies until it is considered that the invested funds can be better utilized in other holdings.

The three Less Than 20% Owned investee Corporations are as follows:

13. TurboSonic Technologies, Inc. ("TurboSonic")

TurboSonic (www.turbosonic.com), a Waterloo, Ontario public company (OTC Bulletin Board: TSTA), designs and markets integrated pollution control and industrial gas cooling/ conditioning systems including liquid atomization technology and dust suppression systems to ameliorate or abate industrial environmental problems. TurboSonic's proprietary technology is designed to control a wide variety of air pollution control problems for industries including pulp and paper, wood products, mining, non-ferrous metallurgical, iron and steel, chemical, food and beverage, waste processing, hazardous and municipal solid waste (MSW) incineration, power generation, automotive and cement. TurboSonic believes its products, which are designed to meet the strictest emission regulations for gaseous and particulate emissions, afford economic and technical advantages over conventional air pollution equipment.

CVF held at December 31, 2001 949,217 common shares of TurboSonic (representing a 9% ownership interest) which were acquired prior to 1999 at a cost of \$250,235 (or approximately \$.264 per share). At April 10, 2002, based on the closing market per share price of \$0.65, the market value of CVF's holding of 154,717 common shares in TurboSonic was \$100,566.

14. RDM Corporation ("RDM")

RDM (www.rdmcorp.com), a Waterloo, Ontario public company (CDNX: RC), is a leading developer of specialized software and hardware products for both Internet e-commerce and paper payment processing. RDM provides its technologies and solutions to banks, printers and payment processors in over 35 countries. In 2000, RDM spun off its e-Check division into Xign, Inc., a Silicon Valley-based private company.

CVF held at December 31, 2001 971,472 common shares of RDM (representing a 5% ownership interest) which were acquired in late 1997, early 1998, early 1999, late 2000 and early 2001 at a cost of \$433,712 (or approximately US \$.446 per share). At April 10, 2002, based on the closing market per share price of US \$0.628, the market value of CVF's holding of 528,272 common shares in RDM was \$331,861.

15. WZ.COM INC. ("WZ.COM")

WZ.COM (www.WZ.com), a private company incorporated in the State of Delaware, is in the business of providing products over its website. In January, 1999, CVF invested a total of \$250,000 in the predecessor company known as NETrageous. In February 2001 the shares in NETrageous were exchanged at no cost for 500,000 common shares in WZ.COM INC.

Number of Employees

As of December 31, 2001, CVF and its Consolidated Entities had a total of 65 full-time employees.

ITEM 2 DESCRIPTION OF PROPERTY

CVF leases premises in which its principal executive office is located at 8604 Main Street, Suite 1, Williamsville, New York on a two year lease (commencing December 2001) with lease payments equal to \$17,343 annually. All of the business premises and facilities used by the Consolidated Entities are leased. These facilities serve as administrative offices and manufacturing (where appropriate) facilities. The facilities generally range in size from 2,000 to 14,000 square feet. The lease terms expire in 2002 to 2004.

ITEM 3 LEGAL PROCEEDINGS

The Company is not aware of any material pending proceedings.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter of 2001 no matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

ITEM 5 MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information

The following table sets forth the high and low sales prices per Common Share on the American Stock Exchange for the periods indicated:

	LOW	HIGH
	-----	-----
2000 - 1st Quarter	2.5625	6.50
- 2nd Quarter	2.00	4.125
- 3rd Quarter	2.375	3.125
- 4th Quarter	0.75	2.2375
2001 - 1st Quarter	0.50	1.93
- 2nd Quarter	0.55	1.04
- 3rd Quarter	0.25	0.95
- 4th Quarter	0.17	0.35

(b) Holders of Record

At March 15, 2002, there were approximately 314 holders of record of CVF's common stock.

(c) Dividends

CVF has never paid a dividend on the common stock. The payment of any future dividends will be at the sole discretion of CVF's Board of Directors. CVF intends to retain earnings to finance the expansion of its business but may consider paying dividends of its common stock if it receives a large profit from the sale of one of its holdings.

(d) Recent Sales of Unregistered Securities

In February 2001, CVF issued 18,034 of its common shares to Meighen Demers for legal services rendered for Gemprint.

In March and April, 2001, CVF issued 41,333 of its common shares to The Equity Group for services rendered.

In March 2001, CVF issued 25,000 of its common shares to IBM Canada Limited to settle a lawsuit of Gemprint's.

In April 2001, CVF issued 26,899 of its common shares to Chatsworth Securities LLC for services rendered.

In April 2001, CVF issued 27,000 of its common shares to Leo Hirsch for services rendered.

In October 2001, CVF issued 50,000 of its common shares to Steven Gladstone for services rendered.

In October 2001, CVF issued 50,000 of its common shares to Steven Danz for services rendered.

In October 2001, CVF issued 3,000 of its common shares to Lesley Goldman for services rendered.

All of the above transactions were exempt from registration under Section 4(2) of the Securities Act of 1933, as amended.

(e) Purchase of Treasury Stock

In October 1996, CVF instituted a stock repurchase program pursuant to which it commenced the repurchase in the marketplace or otherwise, in accordance with all applicable securities laws, up to 300,000 of its common shares. In the fall of 1997 CVF announced plans to purchase up to an additional 100,000 shares. On September 16, 1998 the Board of Directors of CVF approved the repurchase of up to an additional 100,000 common shares bringing the total number of common shares under the repurchase program to 500,000.

During 1998, 1999, 2000 and 2001, CVF repurchased 162,500 common shares, 10,800 common shares, 4,500 common shares, and 36,000 common shares respectively. The total amount of shares repurchased by CVF to December 31, 2001 was 476,700 common shares.

ITEM 6 MANAGEMENT'S DISCUSSION AND ANALYSIS

Special Note Regarding Forward-Looking Statements

Certain statements in this Annual Report on Form 10-KSB, under the captions "The Corporations," "Financial Considerations" and elsewhere, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve unknown and uncertain risks, uncertainties and other factors which may cause the actual results, performance or achievements of CVF, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Factors That May Affect Future Results

CVF's current financial condition raises substantial doubt about its ability to continue in the normal course of business as a going concern. The Company's primary need for cash is to maintain its ability to support the operations and ultimately the carrying values, of its individual investee companies. The Company is actively pursuing the sale of its interests in five of its investee companies and has retained investment bankers in order to realize value and focus its efforts and resources. In addition, the Company is using its holdings in public companies available for sale (which had a market value of \$1,240,170 as of December 31, 2001) as a source of liquidity. Since December 31, 2001 (to April 10, 2002) the Company has liquidated 1,238,700 shares in its public holdings for proceeds of \$ 614,860. The proceeds of such sales are being used to increase cash reserves. In addition, the Company will continue to assist its investee companies in their efforts to obtain outside financing in order to fund the growth and development of their

respective businesses. The Company's ability to continue to realize assets and discharge liabilities in the normal course is uncertain and dependent on these and other initiatives. These financial statements do not include any of the adjustments to the amounts or classification of assets and liabilities that might be necessary should the Company be unable to continue its business in the normal course.

Plan of Operation

Subject to the limitations of its financial position as discussed above, CVF plans to build on the successes and advances achieved by its investee companies in 2001. It will continue its efforts to assist all of its investee companies to realize their full potential. The ability of investee companies to meet the goals included in the plan of operation may be limited by CVF's ability to continue in the normal course of business as described in "Factors That May Affect Future Results".

The five Consolidated Entities which are active technology businesses, namely Ecoval, SRE, Biorem, Gemprint and Dantec, each made progress in 2001 and each are positioned to consolidate and expand in 2002.

Ecoval continued to develop its Nature's Glory(TM) product line in 2001 with the submission of several new patent applications including one for a herbicide composition, a plant growth regulator, and a pre-emergent herbicide. Ecoval also has pending patent applications for its new insecticide and fungicide compositions. Ecoval expects that new patents will be granted during 2002. In addition, three submissions were made to the EPA relating to registration of the insecticide and fungicide products. Ecoval also developed an insecticide formulation that is exempt from U.S. registration because it is composed of ingredients that the EPA has determined pose minimal risk to the public. In 2000, a European distributor for Ecoval's herbicide obtained registration in Sweden. In 2002, Ecoval will continue to generate sales revenues through direct marketing efforts and by establishing key distributor relationships in North America and abroad.

SRE extended the range of OEM customers served in 2001 and expanded its dealer network as well as identifying a significant number of target aftermarket accounts. Also, SRE is developing working relationships with certain motor manufacturers for additional leverage in the marketplace. At the end of 2001 SRE started to invest in a stronger sales and marketing effort to exploit the new products available in 2002. These sales and marketing activities are expected to have a positive impact on financial results.

Biorem's sales efforts in 2001 resulted in record bookings of new sales for Biorem. Biorem ended the business year with orders or commitments at an all time high level in excess of \$3 million. These bookings include repeat orders from satisfied customers in the Southeast US, and the largest single order of \$850,000 in Alabama, which continue to be primary marketing areas for Biorem. Strong bookings will carry business through the 2002 and 2003 business years and offset the long lead cycle typical in the municipal market. The base load of business will provide the cash flow required to continue with marketing development in the municipal market and enable development of industrial applications. In 2001, two pilot plant trials were implemented for the removal of organic compounds from industrial chemical processes in the manufacturing and surface coating industries utilizing the unique Synergy(TM) biofilter process. Success in these areas will develop a second marketing front that will broaden the business base and provide additional growth opportunity.

Gemprint's strategy of targeting all links in the diamond supply chain bore fruit in 1999 with the completion of the Canadian Northwest Territories Agreements and the commencement of Gemprinting of cut diamonds sourced in the new Canadian diamond fields. Leveraging on this success, Gemprint is working to increase sales to wholesalers, major retailers, laboratories and manufacturers in North America, Europe and the Far East. At the same time Gemprint is working to capitalize on its identification technology and its international data base to become the preferred enabler for securely trading diamonds over the Internet. In 2000 and 2001, international concern over the issue of 'conflict diamonds' heightened. The Clean Diamonds Act recently introduced in the U.S. Congress demonstrates public interest in the certification of the origin of diamonds imported into the U.S. Gemprint's technology has already provided the basis for diamond tracking systems in Canada and may well find wider application as such systems proliferate.

Dantec in 2001 added several major accounts with high growth potential to a client list that already includes Weston's, Frito-Lay, Cargill, Kraft General Foods, Kelloggs, Ralston Purina, Mars and Maple Leaf Foods. In 2002, Dantec intends to continue sales expansion through its expanded base of major industrial companies with worldwide multi-plant operations. CVF agreed to the sale of Dantec on April 12, 2002. The selling price approximates CVF's carrying value for Dantec.

CVF's Equity Investee, Petrozyme, also showed steady development in 2001 and is positioned to make further progress in 2002.

Petrozyme has developed a process that allows oily sludges to be treated onsite. This reduces both the treatment cost and liability associated with safely managing these wastes. Very often these wastes are hazardous, and after treatment with Petrozyme's technology, the treated residuals meet the EPA levels for non-hazardous classification.

Petrozyme's process is still operational at refineries in Venezuela (5th year) and Washington State (2nd year). Petrozyme has renewed its membership in the Petroleum Environmental Research Forum (PERF), a cooperative environmental research association operated by the world's leading oil companies.

While Petrozyme is an early-stage developing company and has not generated significant revenue, it is in discussions with several global environmental services company about a strategic alliance. If an alliance is consummated, it will significantly increase the company's revenues and reputation.

In September of 2001, the world's largest oil company, Saudi Aramco, invited Petrozyme to present an overview of its technology at Aramco's annual Technical Exchange Meeting in Dhahran, Saudi Arabia. Aramco wants its waste management practices to meet the same level of environmental safety as the EPA. While oil service companies from around the world were in attendance to present their various technologies and services, Petrozyme was the only oily waste treatment company invited.

Petrozyme now has three U.S. patents and one Canadian patent, with applications in other countries pending.

IMT continues to work on developing a traction motor for industrial electric vehicles.

CVF's two Less Than 20% Owned Corporations which are public companies, namely TurboSonic and RDM, both continued to make dramatic progress in 2001, continuing into 2002. CVF is currently liquidating its positions in RDM and TurboSonic.

TurboSonic accomplished a 128% increase in sales in fiscal 2001 to \$14,114,870 from \$6,181,562 in 2000. Although most of TurboSonic's revenue was generated in U.S. markets, orders were received from all over the world.

TurboSonic also announced it formed a strategic alliance with Hamon Research-Cottrell, Inc., a major international company, with the belief that such a partner, with established sales channels, can better market TurboSonic's products on a global basis and that the strategic partner will benefit from access to TurboSonic's advanced air pollution control technologies such as the SonicKleen(TM) WESP, TurboTak Wet Scrubber and TurboSOx SO2 Recovery System.

RDM, under the leadership of its new President and CEO, Douglas Newman, achieved record revenues in fiscal 2001 of \$4,459,714. Revenues included income from RDM's Payment Archive Service (PAS). PAS is a complementary software package to RDM's check imaging and scanning products that provide RDM with a transaction-fee revenue stream.

CVF will continue to provide equity and debt financing to its group of investee companies as it assesses their needs. CVF will accomplish this with its own funds or by assisting its investee companies in completing private placements or public offerings for themselves, as and when appropriate.

In regards to those shares which CVF holds in its public investee companies, RDM and TurboSonic, CVF will continue to monitor the market value of these holdings with the view to gaining from their future sale.

Individual investee companies are expected to continue approximately the same level of research and development that they have performed in the past two years. There are no expectations for significant increases in plant or equipment or in the number of employees for these companies over the next 12 months.

Critical Accounting Policies

An understanding of our accounting policies is necessary for a complete analysis of our results, financial position, liquidity and trends. We focus your attention on the following accounting policies of the Company:

Going concern - The consolidated financial statements have been prepared on a going concern basis, which presumes that assets will be realized and liabilities discharged in the normal course of business over the foreseeable future. The consolidated company's current liabilities exceed its current assets (which do not include its publicly traded marketable securities) and the consolidated company has incurred losses over the year and for the past several years, which have reduced the company's cash reserves.

These conditions raise substantial doubt about the consolidated company's ability to continue in the normal course of business as a going concern. The company's primary need for cash is to maintain its ability to support the operations and ultimately the carrying values, of its individual investee companies. The company is actively pursuing the sale of its interests in five of its investee companies and has retained investment bankers in order to realize value and focus its efforts and resources. In addition, the company is using its marketable securities (which had a market value of \$1,240,170 as of December 31, 2001) as a source of liquidity. The proceeds of any such sales will be used to increase cash reserves. In addition, the company will continue to assist its investee companies in their efforts to obtain outside financing in order to fund the growth and development of their respective businesses. The company's ability to continue to realize assets and discharge liabilities in the normal course is uncertain and dependent on these and other initiatives. These financial statements do not include any of the adjustments to the amounts or classification of assets and liabilities that might be necessary should the company be unable to continue its business in the normal course.

Revenue recognition - Revenue from the sale of manufactured products is recognized when the goods are shipped and accepted by the customer. The Company recognizes revenue on long-term contracts on the percentage of completion basis, based on costs incurred relative to the estimated total contract costs. Losses on such contracts are accrued when the estimate of total costs indicates that a loss will be realized. Contract billings in excess of costs and accrued profit margins are included as deferred revenue and included in current liabilities. Service revenue is recognized when the services are performed.

Inventory - Finished goods are stated at the lower of cost or market using the first-in, first-out method of costing. Raw materials are stated at the lower of cost or replacement value, using the first-in, first-out method.

Goodwill - Goodwill is recorded in connection with the acquisition of subsidiaries. Goodwill also exists in connection with the acquisition of equity basis holdings, representing the difference between the fair value of identifiable net assets of the underlying equity interest purchased and the amount paid for the interest. Goodwill is amortized over a period of 10 years. Amounts amortized in connection with subsidiaries are charged to amortization expense. The amortization of goodwill implied in the cost of equity investments is charged to gain or loss from equity investees. The Company assesses the recoverability of goodwill by determining whether the amortization of goodwill over its remaining life can be recovered through projected, undiscounted, future cash flows of the related companies. If an impairment is identified, goodwill is written down to the extent that the carrying value exceeds fair value.

Contingencies - The Company is involved from time to time in litigation, which arises in the normal course of business. In respect of these claims the Company believes it has valid defenses and/or appropriate insurance coverage in place. In management's judgment, no material exposure exists on the eventual settlement of

such litigation, and accordingly, no provision has been made in the accompanying financial statements.

In 2001, the Company has been made aware that the Internal Revenue Service may challenge the treatment of certain capital losses claimed in the prior year. The amount claimed and received for those losses was approximately \$2.53 million. Management believes that such a claim would be without merit and accordingly has made no provision in the accounts or in these financial statements with respect to this matter. Should a claim be filed, management intends to defend the claim vigorously and the resolution of such a potential claim could take several years to resolve.

Comparison of Consolidated Results 2001 and 2000

Consolidated sales of CVF for the fiscal year amounted to \$12,351,334, representing a decrease of \$4,020,254 (25%) compared to sales of \$16,371,588 for 2000. CVF, on a stand-alone basis, has no sales from operations. Sales and gross profit reflect the operations of CVF's consolidated subsidiaries only. These subsidiaries include Eastview, Grand Island 2, Elements (results for 2001 for Elements are included in the income statement in the lines "loss from operations of discontinued segment" and "loss on closing of discontinued segment"), Ecoval, SRE, Biorem, Gemprint and Dantec. (Note that Ecoval is consolidated only from December 13, 2000 when CVF gained control).

Investee companies in which CVF has less than 50% or less ownership are not included in the consolidation. These companies include Petrozyme, TurboSonic, RDM, WZ.COM, IMT and Ecoval (only until December 13, 2000, after which CVF gained control).

Gemprint achieved an increase in sales in 2001 of \$244,548 (103%) compared to 2000 due to increased Gemprint registrations by new customers. Ecoval's sales increased by \$375,427 compared to 2000 due to the company only being consolidated from December 13, 2000 when CVF gained control. SRE's sales decreased in 2001 by \$2,698,977 (22%) from 2000 and was due to the economic downturn. It is expected that as a result of the introduction of new products in 2002 that there will be a significant increase in sales. In 2001, SRE continued full production on a strategic relationship contract with a major original equipment manufacturer that began in the third quarter of 1998. Biorem's sales decreased by \$1,459,374 (65%) compared to 2000 as Biorem's business strategy was shifted from industrial segment customers to municipality segment customers during the year. This conversion will lead to significantly enhanced gross profits for Biorem in the future. Dantec's sales decreased by \$481,877 (31%) to \$1,098,540 in 2001 from \$1,580,417 in 2000. This decrease was due to the focus on a new system which was introduced in 2001 and pilots for this new system placed in the field during 2001. This should result in increased sales at Dantec in the future.

CVF's gross profit of \$1,572,364 for 2001 represents a decrease of \$478,473 (23.3%) from 2000. This gross margin decrease is in line with the sales decline. Gross profit as a percentage of sales increased from 12.5% in 2000 to 12.7% in 2001. SRE with a gross margin percentage of 2.1 % represented 67 % of the sales decrease during the year. Additionally, SRE continued to reduce its usual gross profit on the OEM relationship mentioned above in order to increase market share. SRE plans to increase its margins on future contracts as it launches its new products.

Selling, general and administrative expenses on a consolidated basis amounted to \$6,945,785 for 2001. This represents an increase of \$500,563 or 7.8% compared to 2000. CVF's selling, general and administrative costs from Ecoval were \$1,108,202 higher compared to 2000 as that company was consolidated only from December 13, 2000 when CVF gained control. This increase was offset somewhat by reduced costs due to the overall decrease in sales and also decrease in investor relations expense of \$264,589 in 2001. Management continues to undertake a concerted effort to effect an overall reduction in administrative costs.

Write down of goodwill in 2001 of \$2,589,304 represents the write down taken of the goodwill value of Dantec. A review of Dantec's operations indicated that the goodwill would not be recovered at the level previously anticipated. In order to achieve profits required to return goodwill at the level suggested by CVF's investment, Dantec will require more capital. As CVF is not in a position to provide such capital and Dantec's other resources are limited, CVF determined that a write down of goodwill was required. The goodwill has been written down to the estimated

future cash flows from the Dantec investment, including an estimate of the value on disposition of the position.

Research and development expenses for 2001 amounted to \$816,575 compared to \$721,905 for 2000 (a 13.1% increase). Most of the increase in 2001 were due to the results of Ecoval being consolidated in CVF's results beginning in December 2000.

Loss from operations increased to \$8,779,300 in 2001 from \$5,116,290 in 2000, an increase of \$3,663,010 (or 71.6%). This increase can be attributed somewhat to lower sales but mainly to the increase in non cash expenses (i.e. goodwill amortization, depreciation and the write down of goodwill associated with Dantec). Loss from operations actually decreased from the prior year when goodwill amortization, depreciation, the write down of goodwill associated with Dantec and the consolidated loss from operations relating to Ecoval are deducted from both the 2001 and 2000 loss from operations. When those are deducted the loss from operations in 2001 was \$4,128,295 compared to \$4,541,255 or a \$412,960 (9.1%) reduction.

Net interest expense increased to \$168,243 in 2001 from \$52,513 in 2000. This increase in expense is due to lower average cash balances invested during 2001.

Other income of \$64,369 in 2001 decreased from \$124,802 in 2000. During 2000 CVF earned a fee for assisting one of its investee companies to secure funding.

Losses of CVF from equity holdings, entities in which CVF has a 50% or less ownership, decreased to \$244,153 in 2001 from \$1,634,367 in 2000. This decrease is mainly attributable to the inclusion of Ecoval in consolidated operations effective from December 2000.

Gain on sale of holdings increased to a gain of \$501,040 in 2001 from a gain of \$412,917 in 2000. In 2001 the Company sold some shares of its holdings in RDM and TurboSonic while in 2000 it sold some of its holdings in RDM.

A tax recovery of \$115,623 was recorded in 2001 compared to 439,566 for 2000. The 2000 benefit was the result of CVF being able to carry capital losses back to 1997 when the Company made significant gains on the sale of shares of one of its investments. The tax benefit is based on losses incurred by the consolidated wholly-owned U.S. entities being carried back. Losses incurred by Canadian subsidiaries are not available to recover U.S. taxes paid but will be utilized when each such entity has taxable income in Canada.

Minority interest portion of the loss increased to \$2,821,622 in 2001 from \$249,107 in 2000. In 2001, the minority interest shared in the impairment and write down of goodwill for Dantec.

Loss from Operations of Discontinued Segment decreased to \$138,552 in 2001 from \$532,398 in 2000. This decrease in 2001 is due to the fact that Elements operated fewer retail store and closed operations in September 2001.

Loss on Closing of Discontinued Segment is \$102,367, which occurred in 2001 when Elements discontinued operations.

As a result of the operations described above, CVF recorded a net loss of \$5,929,961 in 2001 as compared to a net loss of \$5,893,081 incurred in 2000.

Comparison of Consolidated Results 2000 and 1999

Consolidated sales of CVF for the fiscal year amounted to \$16,371,588, representing an increase of \$550,824 (3%) compared to sales of \$15,820,764 for 1999. CVF, on a stand-alone basis, has no sales from operations. Sales and gross profit from sales reflect the operations of CVF's consolidated subsidiaries only. These subsidiaries include Eastview, Grand Island 2, Elements, Ecoval, SRE, Biorem, Gemprint and Dantec. (Note that Ecoval is consolidated only from December 13, 2000 when CVF gained control).

Investee companies in which CVF has less than 50% or less ownership are not included in the consolidation. These companies include Petrozyme, TurboSonic, RDM, NETrageous and Ecoval (only until December 13, 2000, after which CVF gained control).

Biorem enjoyed an increase in sales of \$918,509 (69%) in 2000 compared to 1999

due to continued acceleration of new business in biofilter sales. Gemprint's sales increased by \$51,975 (28%) over 1999. SRE's sales decreased in 2000 by \$350,215 (3%) from 1999. In 2000, SRE continued full production on a strategic relationship contract with a major original equipment manufacturer that began in the third quarter of 1998.

CVF's gross profit of \$2,050,837 for 2000 represents a decrease of \$390,914 (16.0%) from 1999. Gross profit as a percentage of sales declined from 15.4% in 1999 to 12.5% in 2000. This decrease is due in part to Biorem realizing a lower gross profit of 25.7% in 2000 on its increased sales as noted earlier, compared to a gross margin of 32.8% in 1999. Additionally, SRE reduced its usual gross profit on the OEM relationship mentioned above in order to increase market share. SRE plans to increase its margins on future contracts as it launches its new products.

Selling, general and administrative expenses on a consolidated basis amounted to \$6,445,222 for 2000. This represents an increase of \$472,706 or 7.9% compared to 1999. The higher selling, general and administrative costs incurred in 2000 are due to an increase in goodwill amortization expense of \$431,934 which is mainly due to the write-off period being shortened from 15 years to 10 years beginning in 2000. Also, investor relations expense in 2000 increased by \$165,423. These increases are offset somewhat by legal fees which were \$137,382 lower in 2000 than in 1999. Management continues to undertake a concerted effort to effect an overall reduction in administrative costs.

Research and development expenses for 2000 amounted to \$721,905 compared to \$638,146 for 1999 (a 13.1% increase). SRE, Gemprint and Dantec all have ongoing new product development and product enhancement projects moving forward which contributed to the increase.

Loss from operations increased to \$5,116,290 in 2000 from \$4,168,911 in 1999, an increase of \$947,379 (or 22%). This increase can be attributed to lower gross margin percentages and higher expense levels.

Net interest expense increased to \$52,513 in 2000 from \$60,325 in 1999. Investment of higher cash balances in 1999 gave rise to more interest income in that year.

Other income decreased to \$124,802 in 2000 from \$282,395 in 1999. A general decrease was partially offset by a fee earned by CVF in 2000 for assisting one of its unconsolidated investee companies to secure funding.

Losses of CVF from equity holdings, entities in which CVF has a 50% or less ownership, increased to \$1,634,367 in 2000 from \$1,292,600 in 1999. This increase is attributable to the Company's increased share of the losses of Ecoval (incurred prior to December 13, 2000 when CVF gained control) and Petrozyme.

Gain on sale of holdings increased to a gain of \$412,917 in 2000 from a loss of \$97,720 in 1999. In 2000 the Company sold some shares of its holdings in RDM.

A tax recovery of \$439,566 was booked for 2000. This is the result of CVF being able to carry capital losses back to 1997 when the Company made significant gains on the sale of shares of one of its investments. The tax benefit is based on losses incurred by the consolidated wholly-owned U.S. entities being carried back. Losses incurred by Canadian subsidiaries are not available to recover U.S. taxes paid but will be utilized when each such entity has taxable income in Canada.

Cumulative effect of a change in accounting principle for 1999 reflects a charge of \$253,154 net of tax, for the write off of previously recorded start-up costs. The Accounting Standards Executive Committee issued Statement of Position (SOP) 98-5, which is effective for fiscal years commencing after December 15, 1998. SOP 98-5, "Reporting on the Costs of Start-up Activities", prescribes that start-up costs should be expensed as incurred. The SOP states that its adoption should be reported as a cumulative effect of a change in accounting principle.

Minority interest portion of the loss decreased to \$249,107 in 2000 from \$395,780 in 1999. In 2000, minority interest shared in the increased net losses of SRE and Dantec.

Extraordinary gain in 2000 of \$216,095 represents settlement of Gemprint's loan

from ISM Information Systems Management Corporation.

As a result of the operations described above, CVF recorded a net loss of \$5,893,081 in 2000 as compared to a net loss of \$5,086,153 incurred in 1999.

LIQUIDITY AND CAPITAL RESOURCES

Stockholder's equity as of December 31, 2001 amounted to \$1,260,017 compared to \$8,732,852 as of December 31, 2000. The net decrease of \$7,472,835 is primarily attributable to the net loss of \$5,929,961 incurred in 2001. These decreases are also due to a decrease in unrealized gains on investment holdings in 2001 of \$1,455,481.

The current ratio of CVF as at December 31, 2001 is .61 to 1., which has declined from 1.3 to 1 as at December 31, 2000. This decline in the current ratio is attributable to the use in 2001 of cash and cash equivalents to fund ongoing operations. If the holdings in public companies available for sale were classified as a current asset, then the current ratio would improve to .91 to 1.

CVF has accepted an offer for its investment in Dantec, one of its investee companies for gross proceeds of approximately \$900,000 Cdn. In addition, CVF is using its publicly traded marketable securities (which are not included in its current assets but which had a market value of \$1,240,170 as of December 31, 2001) as a source of liquidity.

CVF management anticipates that over the next twelve month period CVF should have sufficient cash from various sources to sustain itself. Between cash on hand and marketable securities available for sale at March 31, 2002, plus the anticipated sale and closing of Dantec (which is anticipated to take place in April 2002) and the potential sales of a portion of its holdings in certain investee companies, the company expects to have enough cash to fund itself and its investee companies. Additionally, the parent company has no outside debt and a line of credit will be sought.

The Company's anticipated cash resources are set out below:

(Unaudited)

Cash on hand as at March 31, 2002	\$144,000
Marketable securities as at March 31, 2002	463,000
Anticipated cash from Dantec sale in April 2002	<u>564,000</u>
	\$1,171,000
Anticipated cash outflow from operations	
Q2	\$(623,000)
Q3	(403,000)
Q4	(374,000)
Q1 2003	<u>(345,000)</u>
	\$(1,745,000)
Anticipated net cash outflow for next 12 months	\$(574,000)

The Company intends to mitigate the net cash outflow by selling one or more of its holdings or a portion of its holdings in certain investee companies.

Over the past 6 months CVF has undertaken many initiatives to lower the parent company's expenses. These initiatives have included lowering the head count of its office staff as well as the elimination of one executive position. Also, the office in Charlotte was closed and the headquarters office relocated resulting in lower costs. The office closing/relocation and manpower reduction itself should save CVF approximately \$200,000 per year going forward. The use of consultants has virtually been eliminated except those consultants who have been satisfied to receive their fee in CVF common shares. Travel and entertainment has been significantly reduced over the last few months and will continue at the reduced level going forward. CVF management has adopted a very aggressive cost and expenditure controls and monitoring policy.

The Company will no longer be required to fund Dantec as the investment in Dantec is being sold in April 2002. Also, Gemprint had a record sales month in March 2002 and expects positive cash flow for the first time in the first quarter of 2002. The changes in Ecoval have also resulted in significantly lower costs and Biorem is expected to report higher sales activity in the first quarter of 2002 than all of 2001. This entity also expects to provide cash to the Company later in 2002. The Elements operation was shut down in September 2001 requiring zero cash after that date from CVF.

FINANCIAL CONSIDERATIONS

Early Stage Development Companies. Each of the Corporations is an early stage development company with a limited relevant operating history upon which an evaluation of its prospects can be made. As such, there can be no assurance of the future success of any of the Corporations.

Quarterly Fluctuations. CVF's financial results have historically been, and will continue to be, subject to quarterly and annual fluctuations due to a variety of factors, primarily resulting from the nature of the technology companies in which it invests. Any shortfall in revenues in a given quarter may impact CVF's results of operations due to an inability to adjust expenses during the quarter to match the level of revenues for the quarter. There can be no assurance that CVF will report income in any period and CVF expects that it will report losses in many quarters and annually in the future. While the Corporations have consistently reported losses, CVF has recorded income in certain fiscal periods and experienced fluctuations from period to period due to the sale of some of its holdings, other one-time transactions and similar events.

Rapid Technological Change. The markets for the Corporations' products are generally characterized by rapidly changing technology, evolving industry standards, changes in customer needs and frequent new product introductions. The future success of the Corporations will depend on their ability to enhance current products, develop new products on a timely and cost-effective basis that meet changing customer needs and to respond to emerging industry standards and other technological changes. There can be no assurance that the Corporations will be successful in developing new products or enhancing their existing products on a timely basis, or that such new products or product enhancements will achieve market acceptance.

ITEM 8 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 9 DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

(a) Directors and Executive Officers

The directors and executive officers of CVF are as follows:

NAME	AGE	POSITION
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Jeffrey I. Dreben	56	Director; Chairman, Chief Executive Officer; and President
Robert B. Nally	54	Director; Chief Operating Officer, Chief Technology Officer, Secretary; and Treasurer
Robert L. Miller	50	Chief Financial Officer
Lawrence M. Casse	45	Vice President
George A. Khouri	55	Director; Consultant
Robert H. Glazier	53	Director

Jeffrey I. Dreben has been President, Chief Executive Officer and Director of the Company since September 1995. From 1989 until September 1995, Mr. Dreben was Vice President and Treasurer of Canadian Venture Founders Management Limited ("CVF Management") and was its original founder. Mr. Dreben has been working in the investment industry since 1979, beginning his career with Merrill Lynch and subsequently founding his own firm. Mr. Dreben has been working in the venture capital industry in the United States and Canada since 1985. Mr. Dreben received an Honors Bachelor of Arts degree from Loyola College of the University of

Montreal.

Robert B. Nally has been Secretary, Treasurer and Director of CVF since September 1995. From 1989 until 1995, Mr. Nally was Vice President and Secretary of CVF Management and one of its cofounders. Prior to that time, Mr. Nally provided commercial development consulting services to the University of Waterloo as Technology Transfer and Commercial Development Officer. Prior to joining the University of Waterloo, he worked for NCR Canada, LTD. for 10 years as Manager of Strategic Planning and New Business Development and Director of Engineering. He earned a Bachelor of Science degree in electrical engineering and a Master of Science degree from the University of Waterloo.

Robert L. Miller has been Chief Financial Officer of CVF since June 1999. Mr. Miller was previously Vice President of Finance/Controller for U.S. Appraisal, Inc. a national real estate appraisal firm. Prior to that he was with Pratt & Lambert United, Inc. for seventeen years, most recently as Vice President/Controller of their Consumer Group. From 1973 to 1979 he was with KPMG Peat Marwick in Buffalo, New York. Mr. Miller, a New York State Certified Public Accountant has a Bachelor of Science degree from Fairleigh Dickinson University.

Lawrence M. Casse has been a special consultant devoting his full time efforts to the Company since March 1997 and was appointed as Vice President in April 1998. From December 1993 to March 1997, Mr. Casse was President of Resonance Capital Corporation, a company involved in the business of advising and financing technology based companies in Canada and the United States. Mr. Casse has been actively involved in numerous technology-based companies as an investment banker, investor and consultant. Prior to December 1993, Mr. Casse was an investment analyst at Credifinance Securities Limited specializing in technology-based companies and had worked for a number of Canadian investment firms. Mr. Casse earned a Bachelor of Arts degree from the University of Toronto and has since taken numerous courses in electronics and software programming.

George A. Khouri has been a consultant to and a Director of CVF since April 1997. Since February 1999 Mr. Khouri has acted in the role of Managing Director of Avalon Group Ltd. From 1993 until September 1996, Mr. Khouri was managing Director-Capital Markets for Nomura Securities International Inc. Prior to that time, Mr. Khouri was a member of Trigon Group, an investment Banking boutique, and has served as President of Prudential Bache Capital Partners. Mr. Khouri received a Bachelor of Arts degree from Tufts University and a Masters degree in Business Administration, Investments, from New York University.

Robert H. Glazier has been an outside Director of CVF since January 1998. Mr. Glazier is founder, President and CEO of Donatech Corporation, an Iowa-based computer software consulting company. Before founding Donatech in 1986, Mr. Glazier was a manager on the Cruise Missile Program with General Dynamics Corporation for 3 years. He also held management positions at Oak Industries, California. Mr. Glazier holds a Masters Degree in Engineering from the University of California Berkley and a Bachelors degree in Engineering from Purdue University.

Section 16(a) Beneficial Ownership Reporting Compliance

During the fiscal year 2001 none of the officers and directors of CVF were late in filing a report under section 16(a) of the Exchange Act, except that Jeffrey I. Dreben failed to timely file a report on Form 5 with respect to a donation transaction by his spouse and Robert B. Nally failed to timely file a report on Form 4 with respect to a purchase by his spouse.

ITEM 10 EXECUTIVE COMPENSATION

The following is a summary of the remuneration paid to the chief executive officer and all other executive officers and others whose total annual salary and bonus exceeds \$100,000 for the period ending December 31, 2001 (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary \$	Bonus \$	Other Compensation \$
Jeffrey I. Dreben CEO and President	1999	\$200,000	\$ 25,000	\$ 0
	2000	\$200,000	\$ 0	\$ 0
	2001	\$200,000	\$ 30,000 (4)	\$ 0
Robert B. Nally COO, CTO, Secretary and Treasurer	1999	\$134,762 (1)	\$ 25,000	\$ 0
	2000	\$134,740 (2)	\$ 0	\$ 0
	2001	\$129,220 (3)	\$ 30,000 (4)	\$ 0
J. Murray Kierans Vice President	1999	\$120,000	\$ 0	\$ 0
	2000	\$120,000	\$ 0	\$ 0
	2001	\$120,000 (5)	\$ 10,000	\$ 0

- (1) Paid in Canadian currency but translated in the table to U.S. Currency. Based on the average exchange rate for 1999 of CND \$1 = US \$.6738
- (2) Paid in Canadian currency but translated in the table to U.S. Currency. Based on the average exchange rate for 2000 of CND \$1 = US \$.6737
- (3) Paid in Canadian currency but translated in the table to U.S. Currency. Based on the average exchange rate for 2001 of CND \$1 = US \$.6461
- (4) This bonus was paid in recognition of progress made during the year 2000.
- (5) Mr. Kierans served as an executive officer until December 2001.

OPTION/SAR GRANT TABLE

The following table sets forth individual issuances of stock options to acquire common shares of CVF granted during the fiscal year ended December 31, 2001 to each of the Named Executive Officers.

Name	Number of Securities Underlying Options granted	Percent of Total options Granted to Employees in Fiscal Year	Exercise Price	Expiration Date
Jeffrey I. Dreben	160,000	32.7%	\$0.55	May 29, 2006
Robert B. Nally	160,000	32.7%	\$0.55	May 29, 2006
J. Murray Kierans	40,000	8.2%	\$0.55	May 29, 2006

AGGREGATED OPTION/SAR EXERCISE AND FISCAL YEAR END OPTION/SAR VALUE TABLE

Name	Shares Acquired On Exercise	Value Realized	Unexercised Options at Dec. 31, 2001 Exercisable/Unexercisable	Value of Unexercised In-the-money Options at Dec. 31, 2001 Exercisable/Unexercisable
Jeffrey I. Dreben	NIL	NIL	460,000/NIL	\$NIL/NIL
Robert B. Nally	NIL	NIL	460,000/NIL	\$NIL/NIL

Director's Fees. CVF does not currently pay any additional fees to the directors who are also officers of or consultants to CVF. Mr. Khouri became a consultant to CVF in June 1997 and is paid \$2,500 per month in consulting fees. See "Certain Transactions and Relationships." Mr. Glazier, appointed a director of CVF in January 1998, is entitled to receive \$750 per Board of Directors meeting attended in person and \$375 per telephonic Board meeting in which he participates. Directors do receive share options in connection with their services as directors of the corporation.

ITEM 11 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Voting Securities and Principal Holders

The following table sets forth, as of March 15, 2002, the approximate number of common shares of CVF owned of record or beneficially by each person who owned of record, or was known by CVF to own beneficially, more than 5% of CVF's common stock and the name and shareholdings of each officer and director, and all officers and directors as a group.

NAME AND ADDRESS -----	NUMBER OF COMMON SHARES BENEFICIALLY OWNED -----	PERCENTAGE OF COMMON SHARES OWNED -----
Jeffrey I. Dreben (1) 8604 Main Street, Suite 1 Williamsville, NY 14221	650,644	6.4%
Robert B. Nally (1) 189 Mary Street Waterloo, Ontario Canada, N2J 1S1	661,644	6.5%
Brant Investments Limited c/o Royal Trust Corporation of Canada Global Bank Plaza 200 Bay Street Toronto, Ontario M5J 2J5	1,235,731	12.1%
Prudential Insurance Company of America 751 Broad Street Newark, NY 07102	647,128	6.3%
Laurence W. Lytton 28 Sherwood Place Scarsdale, NY 10583	577,700	5.7%
Directors and Officers as a Group (6 persons) (1)(2)(3)(4)(5)	1,647,288	16.1%

(1) Each of Messrs. Dreben and Nally amounts include 100,000 options held by each of Mr. Dreben and Mr. Nally to acquire CVF's common shares at an option price of \$3.25; 100,000 options held by each of Mr. Dreben and Mr. Nally to acquire CVF's common shares at an option price of \$2.88 per share; 100,000 options held by each of Mr. Dreben and Mr. Nally to acquire CVF's common shares at an option price of \$2.875 per share and 160,000 options held by each of Mr. Dreben and Mr. Nally to acquire CVF's common shares at an option price of \$.55 per share.

(2) Mr. Robert L. Miller, Chief Financial Officer of CVF, has been issued 75,000 Options to acquire common shares of CVF at an exercise price of \$2.88 per Share and an additional 40,000 options to acquire CVF common shares at an option price of \$.55 per share.

(3) Mr. Lawrence M. Casse, a Vice President of CVF, has been issued 20,000

options to acquire common shares of CVF at an exercise price of \$3.25 per share and an additional 20,000 options to acquire CVF common shares at an option price of \$.55 per share.

(4) Mr. Khouri has been issued 30,000 options to acquire CVF common shares at an option price of \$2.88 per share; an additional 30,000 options to acquire CVF common shares at an option price of \$2.875 per share; and an additional 20,000 options to acquire CVF common shares at an option price of \$.55 per share.

(5) Mr. Glazier has been issued 20,000 options to acquire CVF common shares at an option price of \$3.25; an additional 30,000 options to acquire CVF common shares at an option price of \$2.88 per share; an additional 30,000 options to acquire CVF common shares at an option price of \$2.875 per share; and an additional 20,000 options to acquire CVF common shares at an option price of \$.55 per share.

ITEM 12 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Arrangements with Mr. Gissing. In connection with the resignation of Mr. Malcolm Gissing in May 1997, CVF agreed to pay Mr. Gissing a deferred retirement benefit of CN\$6,000 per month for life.

Service Agreement with D and N Consulting. CVF entered into a Service Agreement dated February 10, 1997 with D and N Consulting Corporation ("D and N"), pursuant to which D and N are to provide a variety of administrative, managerial and clerical services to CVF. Under the Service Agreement, D and N would be responsible for all administrative requirements of CVF, including, but not limited to, maintaining the books of CVF, preparing periodic reports to the Board of Directors of CVF and providing office facilities and travel expenses. In return for the above services, D and N is to be paid a service fee based on an annual budget prepared by D and N and approved by the Board of Directors of CVF. In March, 2000 the term of the Service Agreement was extended to March 27, 2005. Messrs. Dreben and Nally are each officers and 50% shareholders of D and N. CVF and D and N have mutually agreed to defer operation of the Service Agreement. Instead, the services continue to be provided by officers, employees and consultants of CVF. CVF has neither paid nor accrued service fees under the Service Agreement.

Consulting arrangement with Mr. Khouri. Effective December 1, 1999, there was an agreement with Mr. Khouri pursuant to which Mr. Khouri, reporting directly to the President, provided CVF with consulting services in exchange for which he received \$5,802 per month and no other compensation other than share options as a director. In November, 2000, the monthly fee payable to Mr. Khouri under this consulting agreement was reduced to \$2,500. The current agreement is for a one-year term and is renewable, if mutually agreed to by the parties. Upon termination of the current agreement, Mr. Khouri is to resign as a director. The President of CVF is to periodically review Mr. Khouri's performance and determine whether to continue Mr. Khouri's consulting arrangement with CVF.

Transactions with RDM Corporation. In September 2000, CVF purchased 270,000 warrants in RDM for a total price of CN\$356,400 (US\$237,184) based on the conversion price on September 29, 2000 of US\$1.00 to CN\$1.50. In April 2001, CVF purchased 25,000 additional common shares of RDM for a total price of CN\$27,875 (US\$17,687) on the open market. During 2000 CVF sold 282,500 common shares of RDM at an average price of US\$2.41 resulting in a total gain of US\$474,334. During 2001 CVF sold 909,100 common shares of RDM at an average price of US\$0.915 resulting in a total gain of US\$292,800. As of December 31, 2001 the total number of shares owned by CVF in RDM was 971,472 shares (approximately 5% of RDM's outstanding shares). Mr. Nally, an officer, director and nominee of CVF has been Chairman of RDM since 1995 and beneficially owns 1,909,383 common shares (approximately 10.4% of the outstanding shares) of RDM.

Services Agreement with Michael Dreben. CVF entered into a Services Agreement dated October 2, 2001 with Michael Dreben, the son of Jeffrey I. Dreben, CVF's President, Chairman and Chief Executive Officer. Pursuant to the Services Agreement, Michael Dreben will identify and assist in closing funding and merger and acquisition

opportunities for CVF and the Corporations. In return for these services, Michael Dreben receives warrants to purchase 180,000 shares of CVF's common stock. These warrants vest monthly over the term of the agreement. The Services Agreement also entitles Michael Dreben to receive a cash fee upon the closing of such funding and merger and acquisition opportunities. The Services Agreement terminates upon 30 days' prior written notice by either party.

ITEM 13 EXHIBITS AND REPORTS ON FORM 8-K

- (3)(i) Articles of Incorporation
Incorporated by reference to the filing on Form 10SB dated May 29, 1997
- (3)(ii) Amended and Restated Certificate of Designation of Series B 6% Convertible Preferred Stock, filed as an exhibit to CVF's Registration Statement on Form S-3 on December 30, 1999 and incorporated herein by reference.
- (3)(iii) By-laws
Incorporated by reference to the filing on Form 10SB dated May 29, 1997
- (10) 2000 Stock Option Plan, filed as an exhibit to CVF's Schedule 14A on May 12, 2000 and incorporated by reference herein.
- (21) Subsidiaries of the Registrant, filed herewith.

SIGNATURE

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

CVF Technologies Corporation

by: /s/ Jeffrey I. Dreben

Jeffrey I. Dreben, CEO and President
(Principal Executive Officer)

date: April 15, 2002

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/ Jeffrey I. Dreben ----- Jeffrey I. Dreben	Director	April 15, 2002
/s/ Robert B. Nally ----- Robert B. Nally	Director	April 15, 2002
/s/ Robert H. Glazier ----- Robert H. Glazier	Director	April 15, 2002
/s/ George A. Khouri ----- George A. Khouri	Director	April 15, 2002
/s/ Robert L. Miller -----	Chief Financial Officer (Principal Financial	April 15, 2002

Robert L. Miller

and Accounting Officer)

EXHIBIT 21

SUBSIDIARIES OF CVF TECHNOLOGIES CORPORATION

1. SRE Controls Inc
2. Dantec Corporation
3. Biorem Technologies Inc.
4. Gemprint(TM)Corporation
5. Ecoval Corporation
6. CVF Capital Management Corporation
7. CVF Technologies International, Inc.
8. Eastview Marketing One LLC
9. Grand Island Marketing Two LLC
10. Grand Island Marketing Inc.
11. Petrozyme Technologies Inc.
12. IMT Systems Inc.
13. RDM Corporation
14. TurboSonic Technologies, Inc.
15. WZ.COM INC.