DENNIS CORPORATION

REPORT ON
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010

DENNIS CORPORATION

CONTENTS

elliott davis

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Dennis Corporation
Columbia, South Carolina

We have reviewed the accompanying balance sheets of Dennis Corporation (the Company) as of December 31, 2011 and 2010, and the related statements of operations, stockholders' equity and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, with the exception of the matters described in the following paragraphs, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 15 to the financial statements, accounting principles generally accepted in the United States of America require consolidation of variable interest entities. Accordingly, the financial statements for the Company and a related entity (Dennis Corporation Development, LLC) should be consolidated in order to conform with these accounting standards.

As discussed in Note 10, the Company had a long-term lease that was treated as an operating lease rather than a capital lease as required by accounting principles generally accepted in the United States of America. If this lease had been treated as a capital lease, property and equipment and capital lease obligations on the balance sheets would have increased by $1,558,290 and $1,625,155 as of December 31, 2011 and increased by $1,637,856 and $1,664,910 as of December 31, 2010, respectively. Had the activities of the related entity and the long-term lease been treated as a capital lease in these financial statements, the net loss would have decreased by $144,678 and stockholder's equity would have decreased by $887 in the 2011 financial statements and net income would have decreased by $5,764 and stockholder's equity would have decreased by $28,945 in the 2010 financial statements.

Elliott Davis, LLC

Columbia, South Carolina
April 10, 2012

DENNIS CORPORATION
BALANCE SHEETS

	December 31, 2011	December 31, 2010 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,870	$ 145,357
Accounts receivable, net	1,586,869	2,090,401
Unbilled work-in-process	1,845	39,884
Prepaid expenses	5,000	25,463
Total current assets	1,595,584	2,301,105
PROPERTY AND EQUIPMENT, net	559,150	796,135
PROPERTY AND EQUIPMENT HELD FOR SALE, net	-	25,752
DUE FROM STOCKHOLDER	108,382	-
DEFERRED TAX ASSET	83,361	-
	$ 2,346,477	$ 3,122,992
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Line of credit	$ 774,409	$ 613,000
Current portion of long-term debt	176,364	187,563
Current portion of capital lease obligations	48,897	52,212
Accounts payable	543,202	321,940
Accrued compensation	13,926	118,397
Deferred income taxes	-	269,383
Due to stockholder	-	85,026
Total current liabilities	1,556,798	1,647,521
LINE OF CREDIT	134,759	-
LONG-TERM DEBT	74,949	323,799
CAPITAL LEASE OBLIGATIONS	87,674	141,198
DUE TO RELATED COMPANY	45,235	74,019
DEFERRED INCOME TAXES	-	1,866
STOCKHOLDERS' EQUITY		
Class A Common stock, $1.50 stated value, 100,000 shares authorized, 87,666 shares issued	131,500	131,500
Class B Common stock, $1.50 stated value, 100,000 shares authorized, 3,200 and 2,000 shares issued at December 31, 2011 and 2010, respectively	4,800	3,000
Additional paid-in capital	55,040	34,400
Retained earnings	255,722	765,689
Total stockholders' equity	447,062	934,589
	$ 2,346,477	$ 3,122,992

See independent accountant's review report and notes to financial statements.

DENNIS CORPORATION
STATEMENTS OF OPERATIONS

	For the years ended December 31, 2011	2010 (Restated)
OPERATING REVENUES	$ 5,840,369	$ 10,178,083
OPERATING EXPENSES	6,565,877	10,008,033
Net operating income (loss)	(725,508)	170,050
OTHER INCOME (EXPENSE)		
Gain on disposal of property and equipment	6,926	64,493
Loss on impairment of property and equipment	-	(6,042)
Contributions	(15,684)	(133,523)
Other income (expense)	(35,628)	25,443
Interest expense	(94,683)	(136,981)
Total other income (expense)	(139,069)	(186,610)
Net loss before income tax credits	(864,577)	(16,560)
CREDIT FOR INCOME TAXES	(354,610)	(59,010)
Net income (loss)	**$ (509,967)**	**$ 42,450**

See independent accountant's review report and notes to financial statements.

DENNIS CORPORATION
STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock - Class A		Common Stock - Class B		Additional	Retained	
	Shares	Amount	Shares	Amount	Paid-in Capital	Earnings	Total
Balance, January 1, 2010	87,666	$ 131,500	-	$ -	$ -	$ 767,551	$ 899,051
Prior period adjustment	-	-	-	-	-	(44,312)	(44,312)
Balance, January 1, 2010, Restated	87,666	131,500	-	-	-	723,239	854,739
Stock issued	-	-	2,000	3,000	34,400	-	37,400
Net income	-	-	-	-	-	42,450	42,450
Balance, December 31, 2010, Restated	87,666	131,500	2,000	3,000	34,400	765,689	934,589
Stock issued	-	-	2,200	3,300	37,840	-	41,140
Stock retired	-	-	(1,000)	(1,500)	(17,200)	-	(18,700)
Net loss	-	-	-	-	-	(509,967)	(509,967)
Balance, December 31, 2011	**87,666**	**$ 131,500**	**3,200**	**$ 4,800**	**$ 55,040**	**$ 255,722**	**$ 447,062**

See independent accountant's review report and notes to financial statements.

DENNIS CORPORATION
STATEMENTS OF CASH FLOWS

	For the years ended December 31, 2011	For the years ended December 31, 2010 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (509,967)	$ 42,450
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Increase in allowance for doubtful accounts	107,599	14,131
Depreciation	180,110	441,443
Loss on impairment of property and equipment	-	6,042
Gain on disposal of property and equipment	(6,926)	(64,493)
Deferred income taxes	(354,610)	(59,010)
Common stock issued as compensation to employees	41,140	37,400
Interest accrued on notes payable to former stockholders	180	-
Changes in deferred and accrued amounts		
Accounts receivable	395,933	263
Unbilled work-in-process	38,039	(39,884)
Prepaid expenses	20,463	(25,463)
Accounts payable and accrued expenses	116,791	(14,283)
Net cash provided by operating activities	28,752	338,596
INVESTING ACTIVITIES		
Purchases of property and equipment	(587)	(490,696)
Proceeds from sale of property and equipment	24,690	-
Advances to stockholder, net	(193,408)	-
Net cash used for investing activities	(169,305)	(490,696)
FINANCING ACTIVITIES		
Advances from (to) related company	(28,784)	94,089
Advances from stockholder, net	-	29,278
Proceeds from advances on lines of credit	296,168	8,456
Principal payments on notes payable	(266,578)	(445,893)
Proceeds from new notes payable	-	575,138
Repurchase of common stock	(3,740)	-
Net cash provided by (used for) financing activities	(2,934)	261,068
Net change in cash and cash equivalents	(143,487)	108,968
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	145,357	36,389
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,870**	**$ 145,357**
CASH PAID DURING THE YEAR FOR		
Interest	**$ 94,683**	**$ 136,107**
NONCASH INVESTING AND FINANCING ACTIVITIES		
Equipment acquired through capital leases and other financing	$ -	**$ 163,210**
Common stock issued as compensation to employees	**$ 41,140**	**$ 37,400**
Repurchase of common stock and issuance of notes payable to former stockholders	**$ 14,960**	$ -
Equipment and notes payable transferred to related entity at note value	**$ 65,450**	**$ 988,841**

See independent accountant's review report and notes to financial statements.

DENNIS CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business

Dennis Corporation (the Company) is a Southeastern licensed engineering, surveying and construction management firm specializing in a wide range of projects. Dennis Corporation's divisions include accounting, business development, civil infrastructure, construction management, construction services, expert witness services, information technology, intelligent transportation systems (ITS), marketing, roadway design, special projects, special inspections, structural engineering, building construction management, environmental inspections, steel inspections, surveying and traffic engineering.

The Company's significant accounting policies are summarized as follows:

Cash and cash equivalents

For purposes of reporting cash flows, the Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable

Trade receivables are carried at their estimated collectible amounts. They are periodically evaluated for collectability based on management's review of outstanding receivables, historical collection information and existing economic conditions. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. Specific receivables that are determined to be uncollectible, based on particular circumstances of the customer, are written off as bad debts once all reasonable means to collect the receivable have been exhausted.

Property and equipment

Property and equipment is stated at cost. Maintenance and repairs which do not improve or extend the useful lives of the assets are charged to expense as incurred. For financial statement purposes, depreciation is computed using accelerated and straight-line methods over the estimated useful lives of the respective assets, which range from five to ten years. The gain or loss on the disposal of property and equipment is recognized in the year of disposition. For income tax purposes, depreciation is calculated principally using accelerated methods.

Property and equipment are reviewed on an ongoing basis for impairment based on comparison of carrying value against fair value. If an impairment is identified, the assets' carrying amounts are adjusted to fair value in the year identified.

Revenue recognition

Revenue on fixed fee and cost-plus contracts is recognized primarily as work progresses and as labor hours and expenses are incurred on engineering, construction management, and consulting engagements. This method is used because management considers this to be the best measure of progress on these contracts.

Changes in contract performance, contract conditions, and profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to revenue and costs, and are recognized in the year in which such revisions are determined. Provisions for estimated losses on work-in-progress, if any, are recognized in the year when such losses are determined.

The asset "unbilled work-in-progress" represents revenue recognized in excess of amounts billed.

For income tax purposes, the Company reports revenue and costs using the cash method, whereby revenue is recognized when collected and costs are recognized when paid.

(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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 revenues and expenses during the reporting period. Estimates made by management relate primarily to the recognition of revenue under long-term contracts. Due to the nature of contracts, it is reasonably possible that the estimates included in the financial statements may change in the near term.

Advertising

The Company expenses advertising costs as they are incurred. The Company's marketing and advertising costs were $46,267 and $48,334 for the years ended December 31, 2011 and 2010, respectively.

Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently payable plus the change during the period in deferred tax assets and liabilities. Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Deferred taxes may also be recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Management has reviewed potential tax uncertainties in accordance with applicable financial accounting standards and management believes that there are no uncertainties that would have a material impact on the Company's results of operations or financial condition as of and for the years ended December 31, 2011 and 2010. With few exceptions, the Company is no longer subject to income tax examinations by the United States federal, state, or local tax authorities for years ended prior to December 31, 2008.

Subsequent events

These financial statements have not been updated for events occurring after April 10, 2012, which is the date these financial statements were available to be issued.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and trade receivables. The Company places temporary cash investments with banks located in South Carolina. At times, such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits.

The Company sells its products to customers throughout the Southeast and extends credit based on an evaluation of the customer's financial condition, generally without requiring collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure to credit losses and writes off uncollectible accounts as needed.

(Continued)

NOTE 2 - CONCENTRATIONS OF CREDIT RISK, Continued

The Company derives a substantial portion of its gross revenues from services to certain major customers. Following is a summary of the operating revenues and accounts receivable with these customers at and for the years ended December 31, 2011 and 2010:

	Operating revenues for the year ended December 31, 2011		December 31, 2011	Operating revenues for the year ended December 31, 2010		December 31, 2010
	Amount	Percent of revenues	Accounts receivable	Amount	Percent of revenues	Accounts receivable
Customer 1	$ -	0%	$ -	$ 3,524,476	35%	$ 891,712
Customer 2	2,126,894	36%	667,527	1,962,221	19%	443,580

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	2011	2010
Accounts receivable	$ 1,810,763	$ 2,206,696
Allowance for doubtful accounts	(223,894)	(116,295)
	$ 1,586,869	$ 2,090,401

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2011	2010
Software, telephone, and office equipment	$ 475,101	$ 476,987
Equipment	335,043	335,043
Furniture	276,624	276,624
Vehicle fleet	-	93,660
Leasehold improvements	94,089	94,089
	1,180,857	1,276,403
Less accumulated depreciation	621,707	480,268
	$ 559,150	$ 796,135

Depreciation expense totaling $180,110 and $441,443 was charged to operations for the years ended December 31, 2011 and 2010, respectively.

NOTE 5 - LINE-OF-CREDIT

The Company had an $800,000 line-of-credit with a local financial institution at December 31, 2010. Borrowings on the line accrued interest at prime interest rate or 6%, whichever was greater. The line was secured by a blanket first lien on all accounts receivable and guaranteed by the Company's majority stockholder and by Dennis Corporation Development, LLC, an entity owned by the Company's majority stockholder. On July 19, 2011, the Company renewed the line of credit of $800,000. Upon renewal, the line-of-credit interest rate changed to prime rate or 5%, whichever is greater. The maturity date for this line-of-credit was extended to July 19, 2012. The line-of-credit contains various financial covenants including tangible net worth and a debt service coverage ratio. The Company was not in compliance with these covenants as of and for the year ended December 31, 2011, but has obtained a waiver from the bank. As of December 31, 2011 and 2010, the balances due on this line-of-credit were $761,000 and $613,000, respectively.

The Company had a $200,000 working line-of-credit with the City of Columbia at December 31, 2010, maturing June 15, 2011. On June 26, 2011, the Company renewed the working line-of-credit at $300,000 with the City of Columbia, maturing January 22, 2013. Borrowings on the line accrue interest at 5.95% and 4.25% at December 31, 2011 and 2010, respectively, which must be paid monthly with minimum monthly principal payments of $1,924 and $1,500 at December 31, 2011 and 2010, respectively. The line is secured by a blanket second lien on all accounts receivable of the Company and guaranteed by the Company's majority stockholder. As of December 31, 2011, the balance due on this line-of-credit was $148,168 and there was no balance due as of December 31, 2010.

NOTE 6 - NOTES PAYABLE

Notes payable consist of the following at December 31:

	2011	2010
Various notes payable, secured by vehicles, interest at rates of 0% to 9.79%, due in monthly installments ranging from $402 to $2,328, maturing at various dates through December 2014. During 2011, these notes were transferred to Dennis Corporation Development, LLC.	$ -	$ 98,943
Note payable, secured by survey equipment, interest at 6%, due in monthly installments of $1,581, maturing June 2013.	25,898	42,839
Note payable to the Business Development Corporation, secured by a blanket third lien on certain real estate owned by the Company's majority stockholder and Dennis Corporation Development, LLC and a second lien on other real estate owned by these parties, guaranteed by the majority stockholder and by Dennis Corporation Development, LLC, interest at prime rate (3.25% at December 31, 2011) plus 2.25%, due in monthly installments of $5,010 and maturing on May 23, 2013.	78,965	131,185

(Continued)

NOTE 6 - NOTE PAYABLE, Continued

	2011	2010
Note payable to a bank with an initial principal balance of $300,000, secured by accounts receivable and guaranteed by the Company's majority stockholder and by Dennis Corporation Development, LLC. Interest accrues at a fixed rate of 6.5% until April 15, 2013, due in monthly payments of $9,208.	131,310	238,395
Notes payable to former stockholders including accrued interest of $180 at December 31, 2011, interest accrues at a rate of 3.25% per annum; all unpaid principal and accrued interest is due at various dates through July 2014.	15,140	-
	251,313	511,362
Less current maturities	176,364	187,563
Long-term portion	$ 74,949	$ 323,799

Maturities of notes payable for the years following December 31, 2011 are as follows:

2012	$ 176,364
2013	59,809
2014	15,140
	$ 251,313

The Company is also a guarantor of four separate notes payable for Dennis Corporation Development, LLC. The balance of the notes payable totaled $3,147,766 and $3,256,495 at December 31, 2011 and 2010, respectively. These notes payable mature at various dates through August 2030.

NOTE 7 - CAPITAL LEASES

The Company leases certain equipment under capital leases expiring at various times through 2015. The leased assets are recorded at the net present value of future minimum lease payments based on interest rates ranging from 8.16% to 17.87%. The equipment had an original cost of $277,726 and a current net book value of $184,051.

Future minimum lease payments for years following December 31, 2011, are as follows:

2012	$ 62,777
2013	54,872
2014	39,984
2015	7,870
Total minimum lease payments	165,503
Less amounts representing interest	28,932
Present value of minimum lease payments	136,571
Less current portion	48,897
Long-term portion	$ 87,674

NOTE 8 - RETIREMENT PLANS

The Company has a 401(k) plan covering substantially all employees with no waiting period. The Company may make discretionary matching or profit sharing contributions to the plan subject to certain limitations. The Company did not make any discretionary contributions to the plan for the years ended December 31, 2011 and 2010.

NOTE 9- RELATED PARTY TRANSACTIONS

At December 31, 2011, the Company's majority stockholder owed the Company $108,382. At December 31, 2010, the Company owed its majority stockholder $85,026.

The Company had amounts due to Dennis Corporation Development, LLC of $45,235 and $74,019 as of December 31, 2011 and 2010, respectively. These advances are due on demand, however, management does not anticipate the advances will be repaid prior to December 31, 2012 and, accordingly, has classified the advances as a long-term liability in the accompanying balance sheet.

The Company leases office space in Ridgeland, South Carolina from Dennis Corporation Development, LLC, on a month-to-month contract. Lease payments are $4,284 per month. Rents paid totaled $51,408 for 2011 and 2010.

The Company also leases office space from Dennis Corporation Development, LLC. Details regarding the method used to account for this lease and a summary of future minimum lease payments relating to the lease are presented in Note 10.

During 2011 and 2010, the Company transferred vehicles with a net book value of $59,317 and $925,172, respectively, and related notes payable totaling $65,450 and $988,841, respectively, to Dennis Corporation Development, LLC. The Company recognized a gain of $6,133 and $63,668 on these transfers of vehicles, respectively. Subsequent to transferring the vehicles, the Company entered into a month-to-month lease agreement with Dennis Corporation Development, LLC for use of the transferred vehicles. Lease payments paid to Dennis Corporation Development, LLC in connection with this agreement totaled $273,797 and $132,150 during the years ended December 31, 2011 and 2010, respectively.

NOTE 10 - LEASES

The Company has entered into various operating leases for office space and equipment, including some with related parties (see Note 9.) These leases expire at various times through October 2014.

Future minimum lease commitments under non-cancelable operating leases for equipment, with remaining terms greater than one year at December 31, 2011 are as follows:

2012	$ 177,800
2013	73,024
2014	59,414
2015	2,200
	$ 312,438

(Continued)

NOTE 10 - LEASES, Continued

The Company also has a long-term lease with a related company for office space. In accordance with accounting principles generally accepted in the United States of America, a portion of this lease should be treated as a capital lease. However, the Company has elected to treat the entire lease as an operating lease rather than as a capital lease. If a portion of this lease had been treated as a capital lease, property and equipment and capital lease obligations on the balance sheet would have increased by $1,558,290 and $1,625,155, as of December 31, 2011 and would have increased by $1,637,856 and $1,664,910 as of December 31, 2010, respectively. The future minimum lease commitments for this entire lease at December 31, 2011 are as follows:

2012	$ 288,000
2013	288,000
2014	288,000
2015	288,000
2016	288,000
2017 and thereafter	3,744,000
	$ 5,184,000

NOTE 11 - INCOME TAXES

The credit for income taxes consists of the following for the years ended December 31:

	2011	2010
Current income tax expense	$ -	$ -
Benefit due to federal empowerment zone credits	(3,000)	(9,000)
Benefit due to South Carolina new jobs credits, net	(490)	(69,300)
Deferred income tax expense (benefit)	(351,120)	19,290
	$ (354,610)	$ (59,010)

The Company files tax returns on the cash basis of accounting. The tax effects of temporary differences that give rise to significant portions of the deferred tax accounts are as follows at December 31:

	2011	2010
Deferred tax (assets) liabilities applicable to:		
Depreciation	$ 108,224	$ 344,356
Net operating loss and contribution carryforwards	(392,101)	(337,189)
Accrued items	408,151	468,227
Deferred tax liability before credits	124,274	475,394
Federal empowerment zone credits	(50,725)	(47,725)
South Carolina new jobs credit, net	(206,910)	(156,420)
Deferred tax liability	(133,361)	271,249
Valuation allowance	50,000	-
	$ (83,361)	$ 271,249

(Continued)

NOTE 11 - INCOME TAXES, Continued

The deferred tax amounts presented above have been classified on the accompanying balance sheets as of December 31 as follows:

	2011	2010
Current liability (asset)	$ (83,361)	$ 269,383
Long-term liability	-	1,866
	$ (83,361)	$ 271,249

The Company has federal and state net operating loss carryforwards totaling $935,768 and $841,188 at December 31, 2011, respectively. These net operating loss carryforwards expire on various dates through 2030. The Company also has federal and state tax credits at December 31, 2011 totaling $50,725 and $206,910, respectively. The federal credits will expire in 2031 and the state credits will expire in 2026. During the year ended December 31, 2011, Company management established a valuation allowance of $50,000 for state tax credits that the Company may not use before the credits expire.

NOTE 12 - EMPLOYEE STOCK OWNERSHIP PLAN

On July 1, 2010, the Company adopted a non-qualified stock ownership plan which allows certain key employees, as approved by the Company's Board of Directors, an opportunity to purchase Class B Common Stock. The purchase price for each share of common stock is determined pursuant to a formula based on the Company's financial results for the three immediately preceding fiscal years. The value of the shares was $18.70 per share for 2011 and 2010 transactions and management of the Company feels this value approximates fair value. If an employee terminates their employment with the Company, the Company will be required to repurchase the employee's stock in accordance with the provisions outlined in the stock ownership plan.

During the years ended December 31, 2011 and 2010, 2,200 shares and 2,000 shares were issued under the plan, respectively. During the year ended December 31, 2011, the Company was required to repurchase 1,000 shares of common stock from two stockholders for $18,700. In accordance with provisions of the stock ownership plan, the Company paid $3,740 in cash and issued notes payable for $14,960 to the former stockholders (see Note 6).

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Company is involved in other various claims and legal actions arising in the ordinary course of business. In the opinion of management, the final disposition or settlement of such matters will not have a material adverse effect on the Company's financial position or results of operations.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2011, Company management determined that the Company's majority stockholder had not been reimbursed for certain business related expenses, and the expenses had not been properly recorded by the Company. These business expenses were incurred during the period from January 2008 through December 31, 2010. The impact of recording these business related expenses on the 2010 financial statements is summarized as follows:

Balance Sheet	As previously stated	Adjustment	As restated
Due to stockholder	$ (564)	$ 85,590	$ 85,026
Deferred income taxes	$ 291,249	$ (20,000)	$ 271,249
Retained earnings	$ 831,279	$ (65,590)	$ 765,689
Statement of operations			
Operating expenses	$ 9,987,555	$ 20,478	$ 10,008,033
Contributions	$ 124,723	$ 8,800	$ 133,523
Credit for income taxes	$ (51,010)	$ (8,000)	$ (59,010)

NOTE 15 - GAAP DEPARTURE OF CONSOLIDATION OF VARIABLE INTEREST ENTITIES

The Company's majority stockholder owns one-hundred percent of Dennis Corporation Development, LLC, which is considered to be a variable interest entity, which leases real property and vehicles to the Company as described in Notes 9 and 10. In addition, the Company serves as a guarantor and certain of its assets are pledged as collateral for bank debt owed by the entity, as described in Note 6. The variable interest in this entity relates to the stockholder's investment and Company guarantees associated with notes payable of the entity.

The Company has not consolidated the entity in the accompanying financial statements as required by accounting principles generally accepted in the United States of America. Had the activities of the related entity been recorded in these financial statements, net loss for 2011 would have decreased by $144,678 and stockholders' equity as of December 31, 2011 would have decreased by $887 and net income would have decreased by $5,764 (restated) for 2010 and stockholder's equity would have decreased by $28,945 (restated) as of December 31, 2010. Summary information of Dennis Corporation Development, LLC at December 31, 2011 and 2010, and for the years then ended is presented below:

	2011	2010
Assets	$ 3,848,383	$ 4,348,872
Liabilities	3,736,662	4,287,095
Member's equity	$ 111,721	$ 61,777
Net income	$ 166,564	$ 84,958