

DENNIS CORPORATION
Schedule of Indirect Costs
Year Ending December 31, 2006

**BURKETT,
BURKETT & BURKETT**

CERTIFIED PUBLIC ACCOUNTANTS, P.A.

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF INDIRECT COSTS

**The Board of Directors
DENNIS CORPORATION**

We have audited the schedule of indirect costs of DENNIS CORPORATION (the Company) for the twelve months ended December 31, 2006. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the financial audit standards contained in the Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Indirect Costs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying schedule was prepared on a basis of accounting practices prescribed by Part 31 of the Federal Acquisition Regulations and certain other federal and state regulations as discussed in Note 2, and is not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the schedule referred to above presents fairly, in all material respects, the direct labor, fringe benefits, and general overhead of the Company for the twelve months ended December 31, 2006 on the basis of accounting described in Note 2.

In accordance with the Government Auditing Standards we have issued a report dated March 9, 2007 on our consideration of the Company's internal controls and its compliance with laws and regulations.

This report is intended solely for the use and information of the Company and government agencies or other customers related to contracts employing the cost principles of the Federal Acquisition Regulations and should not be used for any other purpose.

Burkett, Burkett & Burkett CPAs

BURKETT, BURKETT & BURKETT
Certified Public Accountants, P.A.

West Columbia, South Carolina
March 9, 2007

DENNIS CORPORATION
SCHEDULE OF INDIRECT COSTS

TWELVE MONTHS ENDING DECEMBER 31, 2006

	FINANCIAL STATEMENT EXPENSE	FAR UNALLOWABLE EXPENSE	FAR REFERENCE	FAR TOTAL PROPOSED
Direct labor	\$ 376,581	\$ -		\$ 376,581
Fringe benefits	\$ 82,747	\$ -		\$ 82,747
General overhead:				
Indirect labor	\$ 123,316	\$ -		\$ 123,316
Advertising	12,690	9,250	31.205-1	3,440
Auto expenses	(7,241)			(7,241)
Contributions	4,152	4,152	31.205-8	-
Depreciation	58,561			58,561
Dues and subscriptions	7,111			7,111
Equipment lease	2,261			2,261
Insurance	26,431			26,431
Interest	20,909	20,909	31.205-20	-
Lab testing	2,814			2,814
Meals and entertainment	22,947	13,660	31.205-13/46	9,287
Office supplies	34,940			34,940
Printing and reproduction	14,273			14,273
Professional education	9,498			9,498
Professional fees	247,935			247,935
Reimbursed employee expenses	24,411	20	31.205-46	24,391
Rent	38,605			38,605
Supplies	6,510			6,510
Survey expense	16,437			16,437
Taxes and license	12,324			12,324
Telephone	9,933			9,933
Travel	5,413	66	31.205-46	5,347
Utilities	2,095			2,095
Total general overhead	\$ 696,325	\$ 48,057		\$ 648,268
Total Indirect Costs				\$ 731,015
Percent of Direct Labor				194.12%
Facilities Capital Cost of Money (FCCM) (Note 4)				\$ 18,998
Percent of Direct Labor				5.05%
Combined Rate				199.17%

See accompanying notes to the schedule of indirect cost: - 2 -

DENNIS CORPORATION

NOTES TO THE SCHEDULE OF INDIRECT COSTS

DECEMBER 31, 2006

NOTE 1 - THE COMPANY

DENNIS CORPORATION (the Company) is a professional engineering firm providing consultation in the areas of engineering and planning.

The Company was founded in July 2005. Revenues are derived from billings for professional services and reimbursable expenses. Revenues are recognized on these contracts as costs are incurred.

NOTE 2 - BASIS OF ACCOUNTING AND DESCRIPTION OF ACCOUNTING SYSTEMS

The Company's policy is to prepare its overhead schedules, which support the statement of direct labor, fringe benefits and general overhead, on the basis of accounting practices prescribed by Subparts 9900 and Part 31 of the Federal Acquisition Regulations (FAR). Accordingly, the above mentioned statement is not intended to present the results of operations of the Company in conformity with generally accepted accounting principles.

The Company maintains a job-order cost accounting system for the recording and accumulation of costs incurred under these contracts. Each project is assigned a job number so that costs may be segregated and accumulated in the company's job-order cost accounting system.

The Company's method of estimating costs for pricing purposes during the proposal process is consistent with the accumulation and reporting of costs under its job-order cost accounting system.

NOTE 3 - FRINGE BENEFITS

The fringe benefits are identified as follows:

		Total for Direct and Indirect Labor
Employee Health Insurance	\$	34,346
Payroll Taxes		42,480
Workers' Compensation Insurance		5,921
Total	\$	<u>82,747</u>

DENNIS CORPORATION
NOTES TO THE SCHEDULE OF INDIRECT COSTS

DECEMBER 31, 2006

NOTE 4 - FACILITIES CAPITAL COST OF MONEY

The Company's audited facilities capital cost of money for the twelve months ended December 31, 2006 is 5.05%.

**DENNIS CORPORATION
Facilities Capital Cost of Money
For the Twelve months Ended December 31, 2006**

	Balance January 1, 2006	Balance December 31, 2006
Recorded and Leased Capital Assets	\$ 125,152	\$ 573,576
Average Net Book Value	\$ 349,364	
Average US Treasury Rate	5.438 %	
Facilities Capital Cost (Average X Rate)	\$ 18,998	
Facilities Capital Cost of Money Factor (Cost/Direct Labor Base)	5.05 %	

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS

The Board of Directors
DENNIS CORPORATION

We have audited the schedule of indirect costs of DENNIS CORPORATION (the Company) for the twelve months ended December 31, 2006, and have issued our report thereon dated March 9, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the financial audit standards contained in the Government Auditing Standards issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Company's schedule is free from material misstatement, we performed tests of the Company's compliance with certain provisions of laws, regulations, contracts, including the provisions of the applicable sections of Part 31 of the Federal Acquisition Regulations, noncompliance with which could have a direct and material effect on the determination of the schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Company's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the schedule and not to provide assurance on the internal control over financial reporting.

The management of the Company is responsible for establishing and maintaining internal control over financial reporting. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control over financial reporting. The objectives of internal control over financial reporting are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with the Federal Acquisition Regulations Part 31. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate. For the purpose of this report, we have classified the significant internal controls over financial reporting in the following categories: cash disbursements and payroll.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected.

within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the use and information of the Company and government agencies or other customers related to contracts employing the cost principles of the Federal Acquisition Regulations, and should not be used for any other purpose.

Burkett, Burkett & Burkett CPAs

BURKETT, BURKETT & BURKETT
Certified Public Accountants, P.A.

West Columbia, South Carolina
March 9, 2007