

DENNIS CORPORATION

FINANCIAL REPORT

DECEMBER 31, 2016

**DENNIS CORPORATION
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YEAR ENDED DECEMBER 31, 2016**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Dennis Corporation
Columbia, South Carolina

Management is responsible for the accompanying statement of Dennis Corporation ("the Company") as of December 31, 2016, which comprise the Statement of Direct Labor, Fringe Benefits and General Overhead for the year then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Standards on Statements for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial statement.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statement is not designed for those who are not informed about such matters.

Derrick, Stubbs & Stith, LLP

August 21, 2017

An independently owned member
RSM US Alliance



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Dennis Corporation
Statement of Direct Labor, Fringe Benefits and General Overhead
For the year ended December 31, 2016

	GENERAL LEDGER ACCOUNT BALANCE	COST ADJUSTMENTS	FAR REF.	TOTAL PROPOSED	% OF DIRECT LABOR
Direct Labor	\$ 1,706,949	\$ -		\$ 1,706,949	100.0%
Indirect Labor					
FRINGE BENEFITS					
Personal paid leave	\$ 93,888	\$ -		\$ 93,888	5.5%
Employee group insurance	83,790	-		83,790	4.9%
Payroll taxes	186,345	(239)	(A)	186,106	10.9%
Workers compensation	60,296	-		60,296	3.5%
Other employee benefits	-	-		-	0.0%
TOTAL FRINGE BENEFITS	424,319	(239)		424,080	24.8%
General Overhead					
Indirect labor	520,548	(3,125)	(B)	517,423	30.3%
Accounting fees	32,984	-		32,984	1.9%
Advertising	1,341	(1,341)	(B)	-	0.0%
Automobile	13,727	-		13,727	0.8%
Bad debt	20,000	(20,000)	(C)	-	0.0%
Bank charges and processing fees	4,809	-		4,809	0.3%
Contributions	11,262	(11,262)	(D)	-	0.0%
Depreciation and amortization	113,501	(40,985)	(H)(M)	72,516	4.2%
Dues and professional licenses	7,885	-		7,885	0.5%
Fines and penalties	1,394	(1,394)	(E)	-	0.0%
Insurance	29,991	-		29,991	1.8%
Interest expense	228,613	(228,613)	(F)	-	0.0%
Leased equipment	173,246	(60,589)	(G)(H)	112,657	6.6%
Meals expense	38,287	(21,069)	(B)(I)	17,218	1.0%
Office supplies and postage	70,213	(1,401)	(B)(J)(K)	68,812	4.0%
Professional services	370,659	-		370,659	21.7%
Rent and utilities	300,608	(255,846)	(H)(M)	44,762	2.6%
Repairs and maintenance	71,841	-		71,841	4.2%
Seminars and professional education	14,411	-		14,411	0.8%
Taxes and licenses	71,113	-		71,113	4.2%
Telecommunications	32,521	-		32,521	1.9%
Travel	61,196	(4,841)	(I)(L)	56,355	3.3%
TOTAL GENERAL OVERHEAD	2,190,150	(650,466)		1,539,684	90.2%
TOTAL INDIRECT COSTS AND OVERHEAD RATE	\$ 2,614,469	\$ (650,705)		\$ 1,963,764	115.0%
Facilities Capital Cost of Money				\$ 3,422	0.2%

FAR References and Notes

- (A) 31.201-6(a): When an unallowable cost is incurred, its directly associated costs are also unallowable.
- (B) 31.205-1(f): Costs for public relations and advertising costs designed to call favorable attention to the contractor and its activities are unallowable.
- (C) 31.205-3: Bad debts, including actual and estimated losses arising from uncollectible accounts receivable due from customers and other claims, and any directly associated costs such as collection costs and legal costs are unallowable.
- (D) 31.205-8: Contributions or donations are unallowable.
- (E) 31.205-15: Fines and penalties are unallowable.
- (F) 31.205-20: Interest is disallowed.
- (G) 31.205-6(m)(2): The portion of costs of company furnished automobiles that relates to personal use by employees is unallowable regardless of whether the costs is reported as taxable income to employees.
- (H) 31.205-36(b)(3): Limitations on rent charges paid to related parties.
- (I) 31.205-14 & 31.205-51: Costs of entertainment and alcoholic beverages are disallowed.
- (J) 31.201-3(b)(1): Costs generally not recognized as ordinary and necessary for conduct of business are unallowable.
- (K) 31.205-13(b): Costs of gifts are unallowable.
- (L) 31.202: Exclude direct project costs (both billable and non-billable costs) from the indirect cost pool.
- (M) 31.205-17(b): The costs of idle facilities are unallowable.