INDEPENDENT AUDITOR’S REPORT

Company Contact Name

Company Name

City, State

**Report on the Statement/Schedule of Direct Labor, Fringe Benefits, and General Overhead**

We have audited the accompanying Statement/Schedule of Direct Labor, Fringe Benefits, and General Overhead (Statement/Schedule) of COMPANY NAME (Company) for the year ended MONTH, DAY, YEAR and the related notes to the Statement/Schedule.

**Management’s Responsibility for the Statement/Schedule**

Management is responsible for the preparation and fair presentation of the Statement/Schedule in accordance with the basis of accounting practices prescribed by Part 31 of the Federal Acquisition Regulations (FAR). Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the Statement/Schedule that is free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Statement/Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards contained in *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 Statement/Schedule is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement/Schedule. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Statement/Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company’s preparation of the Statement/Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Statement/Schedule.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the Statement/Schedule referred to above presents fairly, in all material respects, the direct labor, fringe benefits, and general overhead of the Company for the year ended MONTH, DAY, YEAR on the basis of accounting described in Note 2.

**Basis of Accounting**

We draw attention to Note 2, which describes the basis of accounting. As described in Note 2, the Statement/Schedule is prepared by the Company on the basis of accounting prescribed by Part 31 of the Federal Acquisition Regulations (FAR), which is the basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Restriction on Use**

Our report is intended solely for the information and the use of the Company and government agencies or other customer related to contracts employing the Federal Acquisition Regulation cost principles and is not intended and should not be used by anyone other than these specified parties.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards,* we have issued a report dated DATE OF REPORT, on our consideration of the Company’s internal controls over financial reporting as it relates to the Statement/Schedule and on our tests of its compliance with certain provisions of laws, regulations and contracts, including provisions of the applicable sections of Part 31 of the Federal Acquisition Regulation. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard*s in considering the Company’s internal control over financial reporting and compliance.

Auditor’s Signature

Auditor’s Organization Name

Date