# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## Novume Solutions, Inc.

### Form: 8-K/A

### Date Filed: 2017-11-21

Corporate Issuer CIK: 1697851

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**FORM 8-K/A**
**Amendment No. 1**

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d)**
**of the Securities Exchange Act of 1934**

**October 1, 2017**
**Date of Report (date of earliest event reported)**

**NOVUME SOLUTIONS, INC.**
**(Exact name of Registrant as specified in its charter)**

| | | |
|---|---|---|
| **Delaware** | **000-55833** | **81-56266334** |
| **(State or other jurisdiction of incorporation or organization)** | **(Commission File Number)** | **(I.R.S. Employer Identification Number)** |

**14420 Albermarle Point Place, Suite 200,**
**Chantilly, VA 20151**
**(Address of principal executive offices)**

**(703) 953-3838**
**(Registrant's telephone number, including area code)**

**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

This Current Report on Form 8-K/A (this "Amendment") is being filed to include disclosures that amend and supplement those disclosures made by Novume Solutions, Inc. (the "Company") in its Current Report on Form 8-K (the "Original Form 8-K") filed with the Securities and Exchange Commission on October 4, 2017. The financial statements described in Item 9.01 below should be read in conjunction with the Original Form 8-K and this Amendment.

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**Item 2.01. Completion of Acquisition or Disposition of Assets.**

On October 1, 2017, Novume Solutions, Inc., a Delaware corporation (" Novume" or the "Company"), completed its previously announced acquisition (the "Mergers") of Global Technical Services, Inc. a Texas corporation (" GTS") and Global Contract Professionals, Inc. a Texas corporation (" GCP") pursuant to the terms of an Agreement and Plan of Merger, dated September 21, 2017 (the "Merger Agreement"), by and among Novume, Global Technical Services Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Novume ("GTS Merger Sub"), Global Contract Professionals Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Novume ("GCP Merger Sub"), GTS, GCP, and the sole stockholder of GTS and GCP (the " Stockholder"), as previously disclosed in the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on September 22, 2017 (the "Merger Agreement Form 8-K").

This Amendment amends the Original Form 8-K filed on October 4, 2017 to provide, as required by Items 9.01, the audited annual and unaudited interim financial statements of GTS and GCP and the unaudited pro forma condensed consolidated financial information related to the GTS and GCP acquisitions.

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**Item 9.01. Financial Statements and Exhibits.**

The following audited financial statements are attached hereto as Exhibit 99.1:

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- Report of BD & Company, Inc., Independent Auditors
- The balance sheets of GTS and GCP as of December 31, 2016 and 2015
- The statements of operations of GTS and GCP for the years ended December 31, 2016 and 2015
- The statement of stockholders' equity of GTS and GCP for the years ended December 31, 2016 and 2015
- The statement of cash flows of GTS and GCP for the years ended December 31, 2016 and 2015
- Notes to financial statements of GTS and GCP

(d) Exhibits

| **Exhibit No.** | **Description** |
|---|---|
| 23.1 | Consent of BD & Company Inc., Independent Auditors |
| 23.2 | Consent of BD & Company Inc., Independent Auditors |
| 99.1 | Audited Financial Statements of Global Technical Services, Inc. and Global Contract Professionals, Inc. |
| 99.2 | Unaudited Pro Forma Financial Information of Novume Solutions, Inc. giving effect to the acquisitions of Global Technical Services, Inc. and Global Contract Professionals, Inc. |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NOVUME SOLUTIONS, INC.

| | |
|---|---|
| By: | /s/ Robert A. Berman |
| Name: | Robert A. Berman |
| Title: | Chief Executive Officer |

Date: November 21, 2017

**EXHIBIT INDEX**

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BD & CO.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

**Consent of Registered Independent Public Accounting Firm**

We hereby consent to the inclusion in this filing on Form 8-K/A, of our report dated September 29, 2017, of our audit of the financial statements of Global Contract Professionals, Inc., as of and for the years ended December 31, 2016 and 2015.

Owings Mills, MD
November 21, 2017

11155 RED RUN BOULEVARD SUITE 410 OWINGS MILLS, MD 21117 410.415.9700 CVIEWLLC.COM

BD & CO.
CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

**Consent of Registered Independent Public Accounting Firm**

We hereby consent to the inclusion in this filing on Form 8-K/A, of our report dated September 29, 2017, of our audit of the financial statements of Global Technical Services, Inc., as of and for the years ended December 31, 2016 and 2015.

Owings Mills, MD
November 21, 2017

**GLOBAL TECHNICAL SERVICES, INC.**

**Index to Financial Statements**

## Independent Auditors' Report

To the Board of Directors
Global Technical Services, Inc.

***Report on Financial Statements***

We have audited the accompanying financial statements of Global Technical Services, Inc. ("the Company") which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, changes in stockholders' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BD & Company, Inc.
Owings Mills, MD
September 29, 2017

**GLOBAL TECHNICAL SERVICES, INC.**
**BALANCE SHEETS**
**December 31, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash | $ 43,239 | $ 60,369 |
| Accounts receivable - trade | 2,337,461 | 1,768,050 |
| Accounts receivable - other | 12,295 | 3,586 |
| Employee advances | 84,008 | 137,049 |
| Notes Receivable | 564,537 | 451,835 |
| Interest Receivable | 19,628 | 24,111 |
| Prepaid expenses | 214,659 | 277,109 |
| Total current assets | 3,275,827 | 2,722,109 |
| | | |
| Property and equipment | | |
| Autos | 41,687 | 41,687 |
| Furniture and Equipment | 723,958 | 1,493,787 |
| Leasehold improvements | 135,485 | 135,485 |
| | 901,130 | 1,670,959 |
| Less accumulated depreciation | (778,382) | (1,492,545) |
| Total property and equipment | 122,748 | 178,414 |
| | | |
| Total assets | $ 3,398,575 | $ 2,900,523 |
| | | |
| LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY | | |
| Current liabilities | | |
| Accounts payable | $ 91,173 | $ 96,453 |
| Accrued expenses | 347,275 | 247,171 |
| Accrued interest | 69,940 | 31,878 |
| Note payable - current portion | 421,193 | 342,172 |
| Line of credit | 2,074,115 | 1,246,692 |
| Total current liabilities | 3,003,696 | 1,964,366 |
| Long-term liabilities | | |
| Note payable - net of current portion | 682,897 | 827,713 |
| Total long-term liabilities | 682,897 | 827,713 |
| | | |
| Total liabilities | 3,686,593 | 2,792,079 |
| | | |
| Stockholders' (deficit) equity | | |
| Capital Stock, $.10 par value; 1,000,000 shares authorized, 100,000 shares issued, 44,050 shares outstanding at December 31, 2016 and 2015 | 10,000 | 10,000 |
| Additional paid-in-capital | 565,984 | 565,984 |
| Treasury stock, 55,950 shares as of December 31, 2016 and 2015 | (4,464,860) | (4,464,860) |
| Retained earnings | 3,600,858 | 3,997,320 |
| Total stockholders' (deficit) equity | (288,018) | 108,444 |
| | | |
| Total liabilities and stockholders' (deficit) equity | $ 3,398,575 | $ 2,900,523 |

*See accompanying notes to the financial statements.*

**GLOBAL TECHNICAL SERVICES, INC.**
**STATEMENT OF OPERATIONS**
**For the years ended December 31, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| Sales | $ 18,116,381 | $ 13,973,857 |
| Cost of sales | 16,076,148 | 12,340,009 |
| Gross profit | 2,040,233 | 1,633,848 |
| | | |
| Selling, general and administrative expenses | 2,313,754 | 2,170,247 |
| Operating loss | (273,521) | (536,399) |
| Other income/(expense) | | |
| Interest expense, net | (125,015) | (99,739) |
| Other income, net | 2,074 | 6,360 |
| Other expense, net | (122,941) | (93,379) |
| Net loss | $ (396,462) | $ (629,778) |

*See accompanying notes to the financial statements.*

**GLOBAL TECHNICAL SERVICES, INC.**
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)**
**For the years ended December 31, 2016 and 2015**

| | Shares of Common Stock | Common Stock | Shares of Treasury Stock | Treasury Stock | Additional Paid-In Capital | Retained Earnings | Total Stockholders' Equity (Accumulated Deficit) |
|---|---|---|---|---|---|---|---|
| Balance as of January 1, 2015 | 44,050 | $ 10,000 | 55,950 | $ (4,464,860) | $ 565,984 | $ 4,627,098 | $ 738,222 |
| Net loss | - | - | - | - | - | (629,778) | (629,778) |
| Balance as of December 31, 2015 | 44,050 | 10,000 | 55,950 | (4,464,860) | 565,984 | 3,997,320 | 108,444 |
| Net loss | - | - | - | - | - | (396,462) | (396,462) |
| Balance as of December 31, 2016 | 44,050 | $ 10,000 | 55,950 | $ (4,464,860) | $ 565,984 | $ 3,600,858 | $ (288,018) |

*See accompanying notes to the financial statements.*

**GLOBAL TECHNICAL SERVICES, INC.**
**STATEMENTS OF CASH FLOWS**
**For the years ended December 31, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| Cash flows from operating activities | | |
| Net loss | (396,462) | (629,778) |
| Adjustments to reconcile net income to cash provided by operating activities | | |
| Depreciation and amortization | 66,970 | 81,145 |
| Bad debt expense | 347,407 | 123,626 |
| (Increase) decrease in: | | |
| Accounts receivables – trade | (917,963) | (192,569) |
| Accounts receivables – other | (7,401) | 2,663 |
| Employee advances | 52,877 | (53,668) |
| Interest receivable | 4,483 | 30,603 |
| Prepaid expenses | 62,451 | 269,015 |
| Increase (decrease) in: | | |
| Accounts payable-trade | (5,280) | 21,458 |
| Accrued expenses | 100,103 | 125,744 |
| Accrued interest | 38,062 | 31,878 |
| Total adjustments | (258,291) | 439,895 |
| Net cash used in operating activities | (654,753) | (189,883) |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (11,304) | (70,292) |
| Collections on notes receivable | (112,703) | - |
| Advances on notes receivable | - | 359,397 |
| Net cash (used in) provided by investing activities | (124,007) | 289,105 |
| Cash flows from financing activities | | |
| Proceeds of short-term borrowings | 18,054,015 | 14,033,049 |
| Repayment of short-term borrowings | (17,226,591) | (14,192,423) |
| Proceeds of notes payable | 239,074 | 244,865 |
| Repayment of notes payable | (304,868) | (354,288) |
| Net cash provided by (used in) financing activities | 761,630 | (268,797) |
| Net decrease in cash | (17,130) | (169,575) |
| Cash, beginning of year | 60,369 | 229,944 |
| Cash, end of year | $ 43,239 | $ 60,369 |
| | | |
| **Supplemental Disclosures of Cash Flow Information** | | |
| Cash paid for income taxes | $ 5,016 | $ 6,860 |
| Cash paid for interest | $ 117,387 | $ 91,032 |

*See accompanying notes to the financial statements.*

**NOTE 1 – NATURE OF BUSINESS**

Global Technical Services, Inc. (the Company) was organized and chartered in 1989, in the state of Texas, as a corporation for the purpose of providing temporary contract professional and skilled labor to businesses throughout the United States. Contracts to provide such services vary in length, usually less than one year. The Company's corporate offices are located in Fort Worth, Texas.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

***Basis of accounting***

The accounts are maintained and the financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

***Statements of cash flows***

For purposes of the statements of cash flows, the Company considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2016 and 2015, the Company had no such investments included in cash.

***Accounts receivable***

The Company performs ongoing credit evaluations of its customers' financial conditions and extends credit to virtually all of its customers on an uncollateralized basis. Customers are headquartered throughout the United States and operate primarily within the aerospace and defense industries.

Accounts receivable are stated at cost, net of any allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. The Company reviews the accounts receivable on a periodic basis and establishes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors including the age of the balance, the customer's payments history, its current credit-worthiness, and current economic trends. As of the years ending December 31, 2016 and 2015, the Company deems all receivables as collectible.

Accounts receivable at December 31, 2016 and 2015 include $222,269 and $188,415 in unbilled contracts respectively related to work performed in the year in which the receivable was recorded. These amounts were billed in the respective subsequent years.

***Revenue Recognition***

The Company recognizes revenues for the performance of services when persuasive evidence of an arrangement exists, service have been rendered or delivery has occurred, the fee is fixed or determinable and the collectability of the related revenue is reasonably assured. The Company derives revenues from fees for services generated on a project basis. Revenues are recognized based on the number of hours worked by the employees or consultants at an agreed-upon rate per hour per the Company's contracts or purchase orders.

***Property and equipment***

Property and equipment is stated at cost. Depreciation of property and equipment is provided on the double-declining balance method over the estimated useful lives as follows:

| | |
|---|---|
| Autos | 5 Years |
| Furniture and equipment | 5-7 Years |
| Leasehold improvements | 15 Years |

Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized. Depreciation expense of $66,970 and $81,145 was incurred during 2016 and 2005, respectively.

***Treasury stock***

Treasury stock is shown at cost and consists of 55,950 shares of the Company common stock at December 31, 2016 and 2015.

***Income taxes***

The Company has adopted the liability method of accounting for income taxes in accordance with Account Standards Codification (ASC) 740, " *Accounting for Income Taxes*". Deferred income taxes are recognized for temporary differences between financial statement and income tax basis of assets and liabilities and net operating loss carry-forwards for which tax benefits will be realized in future years.

***Profit sharing plan***

The Company has a 401(k) deferred compensation plan for all eligible employees. Active participants may elect to have the Company make salary reduction contributions on their behalf based on a percentage of their earnings, not to exceed 25% in 2016 and 2015. The Company has the option of making annual discretionary contributions to the plan up to a predetermined limit. For the years ended December 31, 2016 and 2015, the Company made no contributions to the plan. The Company terminated the 401(k) plan on January 31, 2017.

***Advertising***

The Company expenses advertising costs as incurred. Advertising expense was $54,735 and $56,393 for the years ended December 31, 2016 and 2005, respectively.

***Use of estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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. Actual results could differ from those estimates.

***Going concern assessment***

Beginning with the year ended December 31, 2016 and all annual and interim periods thereafter, management will assess going concern uncertainty in the Company's combined financial statements to determine if there is sufficient cash on hand and working capital to operate for a period of at least one year from the date the combined financial statements are issued or available to be issued, which is referred to as the "look-forward period", as defined in generally accepted accounting principles. As part of this assessment, based on conditions that are known and reasonably knowable, management will consider various scenarios, forecasts, projections, estimates and will make certain key assumptions, including the timing and nature of projected cash expenditures or programs, and its ability to delay or curtail expenditures or programs, if necessary, among other factors. Based on this assessment, as necessary or applicable, management makes certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent it deems probable those implementations can be achieved and management has the proper authority to execute them within the look-forward period. Management's assessment determined the Company is a going concern.

***New accounting pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. This ASU is a comprehensive new leases standard that amends various aspects of existing guidance for leases and requires additional disclosures about leasing arrangements. It will require companies to recognize lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. Topic 842 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous leases guidance. The ASU is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years; earlier adoption is permitted. In the financial statements in which the ASU is first applied, leases shall be measured and recognized at the beginning of the earliest comparative period presented with an adjustment to equity. Practical expedients are available for election as a package and if applied consistently to all leases. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial condition, results of operations and cash flows.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers—Deferral of the Effective Date*, which defers by one year the mandatory effective date of its revenue recognition standard, and provides entities the option to adopt the standard as of the original effective date. The new standard is now effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is now permitted, but not before the original effective date. The Company is currently evaluating the impact, if any, this new standard will have on its combined financial statements, when the Company will adopt the new standard, and the method of adoption.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern*, which requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. Certain disclosures will be required if conditions give rise to substantial doubt about an entity's ability to continue as a going concern. This accounting standard update applies to all entities and was effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter, with early adoption permitted. The Company adopted this standard during fiscal year 2016.

***Subsequent events***

The Company has evaluated subsequent events through September 29, 2017, which is the date the combined financial statements were available to be issued. See Note 10.

**NOTE 3 -- LIQUIDITY**

For the year ended December 31, 2016, the Company generated net loss of $409,255 and used $654,753 of cash for continuing operations. Additionally, at December 31, 2016 the company had cash available of $43,239 and a working capital of $259,338.

On September 21, 2017, the Company entered into a Purchase Agreement to be acquired by Novume Solutions Inc. Upon closing of the acquisition, the Company will become a wholly-owned subsidiary of Novume Solutions, Inc., a Delaware corporation ("Novume"). For additional detail regarding this transaction, refer to Subsequent Events (Note 10).

Management believes that the Company's current level of cash combined with cash that it expects to generate in its operations during the next 12 months including anticipated new customer contracts will be sufficient to sustain the Company's business initiatives through at least September 2018, but there can be no assurance that these measures will be successful or adequate. In the event that the Company's cash reserves and cash flow from operations are not sufficient to fund the Company's future operations, the Company may need to obtain additional capital and rely on Novume Solutions, Inc.

**NOTE 4 -- NOTES PAYABLE**

Notes payable as of December 31, 2016 and 2015, consisted of the following:

| | December 31, 2016 | December 31, 2015 |
|---|---|---|
| G&W Ventures | $ 953,722 | $ 953,722 |
| Ally Financial | 13,894 | 21,505 |
| Bank Direct | 49,440 | 15,617 |
| SBC Insurance Agency | 87,034 | 145,612 |
| Cowboys Stadium, LP | - | 33,429 |
| Total Current Notes Payable | 1,104,090 | 1,169,885 |
| Less: Current Maturities of Long-Term Debt | (421,193) | (342,172) |
| Notes Payable, Less Current Maturities | $ 682,897 | $ 827,713 |

The Company has an outstanding notes payable to G&W Ventures, Inc. that carries an interest rate of 4% per annum and requires monthly interest payments of $11,137. The note payable is secured by Company stock and a life insurance policy. The principal balance at December 31, 2016 and 2015 totaled $953,722 and $953,722, respectively. Principal payments during the year ended December 31, 2015 totaled $15,837. There were no principal payments made during the year ended December 31, 2016.

On September 26, 2013, the Company entered into a note agreement with Ally Financial in the amount of $38,000 for the purchase of an automobile. The note matures on October 11, 2018. Payments of principal and interest at 0.00% are due and payable monthly beginning November 11, 2013. The principal balance at December 31, 2016 and 2015 totaled $13,892 and $21,505, respectively. Principal payments made in 2016 and 2015 totaled $7,613 and $6,985.

On August 8, 2012, the Company entered into a note agreement with Cowboys Stadium, L.P. in the amount of $36,000 for the purchase of Seat Option at the Cowboys Stadium. The note matures on August 8, 2038. Payments of principal and interest at 8% are due and payable annually beginning March 1, 2013. On November 28, 2016 the Company exercised Seat Option Assignment and Assumption Agreement and sold the rights to stadium seats. The principal balance at December 31, 2016 and 2015 totaled $0 and $33,429, respectively. Principal payments made in 2016 and 2015 totaled $520 and $480, respectively.

On October 1, 2015, the Company entered into a note agreement with Bank Direct Capital Finance in the amount of $23,212. The note was unsecured and matured on July 1, 2016. Payments of principal and interest at 7.4% were due and payable monthly beginning November 1, 2015. The principal balance at December 31, 2015 totaled $15,617. Principal payments made in 2016 and 2015 totaled $7,595 and $15,617, respectively.

On October 1, 2015, the Company entered into a note agreement with SBC Insurance Agency in the amount of $208,014. The note was unsecured and matured on June 1, 2016. Payments of principal were due and payable monthly beginning November 1, 2015. The principal balance at December 31, 2015 totaled $145,612. Principal payments made in 2016 and 2015 totaled $62,404 and 145,612, respectively.

On October 1, 2016, the Company entered into a note agreement with Bank Direct Capital Finance in the amount of $74,022. The note matures on July 1, 2017. Payments of principal and interest at 7.0% are due and payable monthly beginning November 1, 2016. The principal balance at December 31, 2016 totaled $49,440. Principal payments made in 2016totaled $24,582. Payment of the note payable is unsecured.

On October 1, 2016, the Company entered into a note agreement with SBC Insurance Agency in the amount of $111,905. The note matures on July 1, 2017. Payments of principal are due and payable monthly beginning November 1, 2016. The principal balance at December 31, 2016 totaled $87,034. Principal payments made in 2016totaled $24,871. Payment of the note payable is unsecured.

The future debt service requirements are as follows:

| | | |
|---|---|---|
| 2017 | $ | 421,193 |
| 2018 | | 114,839 |
| 2019 | | 112,978 |
| 2020 | | 117,580 |
| 2021 and thereafter | | 337,501 |
| | $ | 1,104,091 |

**NOTE 5 -- LINE OF CREDIT – BANK**

As of December 31, 2016, the Company renewed a revolving line of credit (Line of Credit Agreement) with Wells Fargo Capital Finance (WFCF). Advances from WFCF are due on December 31, 2017 with interest at the LIBOR plus 3% payable monthly. Payment of the revolving line of credit is secured by the accounts receivable of the Company. The principal balance at December 31, 2016 and 2015 totaled $2,074,115 and $1,246,692, respectively.

As part of the Line of Credit Agreement, the Company must maintain certain financial covenants. The Company met all financial covenant requirements during and as of the years ended December 31, 2016 and 2015.

**NOTE 6 -- RELATED PARTY TRANSACTIONS**

***Employee advances***

The Company had outstanding employee advances to officers of $71,302 and $137,049 as of December 31, 2016 and 2015, respectively.

***Revolving line of credit***

January 5, 2004, the Company granted a revolving line of credit in the amount of $1,000,000 to Global Contract Professionals, Inc. (GCP), a related party through common ownership. Advances to GCP are due annually with interest at prime + ½% payable monthly. The principal balance at December 31, 2016 and 2015 was $564,537 and $451,835, respectively, and was recorded as notes receivable on the Company's balance sheet. The Company has recorded interest income receivable of $19,628 and $24,111 as of December 31, 2016 and 2015, respectively, from GCP.

***Reimbursement for expenses***

The Company received reimbursement from GCP for various expenses during 2016 and 2015 in the amounts of $134,744 and $217,487, respectively.

**NOTE 7 -- LEASES**

The Company conducts its operations from facilities that are leased under a 24-month operating lease, with payments of $14,758 per month through March 2016. In March of 2015 the company reduced lease space and extended its lease through March 2018 with payments of $12,559 per month. In June of 2016 the Company reduced lease space and adjusted rent payment to $10,085.

In March 2015 the Company increased the sublease base rent with GCP to $1,960 per month. An additional amount equal to the percentage of total paychecks processed multiplied by $6,816 (the remaining unallocated rent of $12,559) is due monthly.

In June 2016 the Company renegotiated the sublease with GCP for the facilities to $3,516 per month. An additional amount equal to the percentage of total paychecks processed multiplied by $3,054 (the remaining unallocated rent of $10,085) is due monthly.

Rent expense for the years ended December 31, 2016 and 2015 was $68,781 and $105,871, respectively. Rental income from the sublease to GCP during the year ended December 31, 2016 and 2015 was $66,696 and $68,321, respectively.

Minimum rental payments net of rental income required under the above operating leases are as follows:

| | | |
|---|---|---|
| 2017 | $ | 42,192 |
| 2018 | | 42,192 |
| | $ | 84,384 |

**NOTE 8 -- INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets (use of different depreciation methods and lives for financial statement and income tax purposes) and state income taxes (which are accrued for book purposes but deducted for tax purposes in the year paid) and contribution carryovers (which are deducted for book purposes when paid but are limited to 10% of taxable income for tax purposes). The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

The differences between actual income tax expense and the tax provision computed by applying the statutory federal income tax rate to earnings before income taxes are attributable to the following:

| | 2015 | 2016 |
|---|---|---|
| Deferred Tax Assets | | |
| Charity Carryforward | $ 79,140 | $ 84,402 |
| NOL | 227,022 | 359,766 |
| | | |
| Deferred Tax Liabilities | | |
| Fixed Assets | 11,928 | 18,700 |
| Net Deferred Tax Assets | 318,089 | 467,744 |
| Less: Valuation Allowance | (318,089) | (467,744) |
| Net Deferred Tax Asset | $ - | $ - |

**NOTE 9 -- CONCENTRATION OF CREDIT RISK**

The Company operates within the aerospace and defense industries. Accordingly, the risk exists that the ability to collect amounts due from customers could be affected by economic fluctuations in these markets and industries. The Company does not believe, however, that it is subject to any unusual credit risk beyond the normal credit risk attendant to operating the business. Historically, credit losses have not been significant.

The Company has one customer in 2016 and two customers in 2015, which combined, accounted for approximately 59% and 65% of the Company's total sales during 2016 and 2015, respectively. The amount due from these customers, included in accounts receivable, was $1,535,128 and $1,535,128, or approximately 59% and 52% of the balances, at December 31, 2016 and 2015, respectively.

**NOTE 10 -- SUBSEQUENT EVENTS**

On September 21, 2017 the Company entered into a Equity Purchase Agreement with Novume Solutions, Inc. in the amount of approximately $3,750,000. This purchase agreement is expected to close on October 1, 2017.

On February 23, 2017 the Company entered into a note agreement with Fora Financial in the amount of $149,500 with a fixed finance charge of $37,375. The Company renegotiated the agreement on July 24, 2017 borrowing an additional $100,000 with a fixed finance charge of $32,000 if paid by October 31, 2017.

**GLOBAL CONTRACT PROFESSIONAL, INC.**

**Index to Financial Statements**

## Independent Auditors' Report

To the Board of Directors
Global Contract Professionals, Inc.

***Report on Financial Statements***

We have audited the accompanying financial statements of Global Contract Professionals, Inc. ("the Company") which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations, changes in stockholders' deficit and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BD & Company, Inc.
Owings Mills, MD
September 29, 2017

**GLOBAL CONTRACT PROFESSIONALS, INC.**
**BALANCE SHEETS**
**December 31, 2016 and 2015**

| ASSETS | 2016 | 2015 |
|---|---|---|
| Current assets | | |
| Cash | $ 28,458 | $ 188,150 |
| Accounts receivable - trade | 525,304 | 756,283 |
| Accounts receivable - other | 1,750 | 17,150 |
| Prepaid expenses | 3,525 | 17,482 |
| Total current assets | 559,037 | 979,065 |
| Property and equipment | | |
| Autos | - | - |
| Furniture and equipment | 137,215 | 172,582 |
| Leasehold improvements | 11,604 | 5,104 |
| | 148,819 | 177,686 |
| Less accumulated depreciation | (115,867) | (133,642) |
| Total property and equipment | 32,952 | 44,044 |
| Other assets | | |
| Deposits | 9,241 | 9,241 |
| Total other assets | 9,241 | 9,241 |
| Total assets | $ 601,230 | $ 1,032,350 |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities | | |
| Accounts payable | $ 2,024 | $ 24,555 |
| Accrued expenses | 54,142 | 71,710 |
| Accrued interest - related party | 19,628 | 24,111 |
| Note payable - related party | 564,537 | 446,760 |
| Line of credit | 434,587 | 636,949 |
| Total current liabilities | 1,074,918 | 1,204,085 |
| Total liabilities | 1,074,918 | 1,204,085 |
| Stockholders' deficit | | |
| Capital Stock, $.01 par value; 1,000,000 shares authorized 44,050 shares issued and outstanding | 441 | 441 |
| Accumulated deficit | (474,129) | (172,176) |
| Total stockholders' equity | (473,688) | (171,735) |
| Total liabilities and stockholders' deficit | $ 601,230 | $ 1,032,350 |

*See accompanying notes to the financial statements.*

**GLOBAL CONTRACT PROFESSIONALS, INC.**
**STATEMENT OF OPERATIONS**
**For the years ended December 31, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| Sales | $ 6,272,572 | $ 9,509,987 |
| Cost of sales | 5,605,520 | 8,469,733 |
| Gross profit | 667,052 | 1,040,254 |
| Selling, general and administrative expenses | 896,702 | 1,034,705 |
| Operating (loss) income | (229,650) | 5,549 |
| Other expense | | |
| Interest expense | (71,621) | (82,783) |
| Other expense, net | (682) | (1,734) |
| Net loss | $ (301,953) | $ (78,968) |

*See accompanying notes to the financial statements.*

**GLOBAL CONTRACT PROFESSIONALS, INC.**
**STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**
**For the years ended December 31, 2016 and 2015**

| | Shares of Common Stock | Common Stock | Accumulated Deficit | Total Stockholders' Deficit |
|---|---|---|---|---|
| Balance as of January 1, 2015 | 44,050 | $ 441 | $ (93,208) | $ (92,767) |
| Net loss | - | - | (78,968) | (78,968) |
| Balance as of December 31, 2015 | 44,050 | 441 | (172,176) | (171,735) |
| Net loss | - | - | (301,953) | (301,953) |
| Balance as of December 31, 2016 | 44,050 | $ 441 | $ (474,129) | $ (473,688) |

*See accompanying notes to the financial statements.*

**GLOBAL CONTRACT PROFESSIONALS, INC.**
**STATEMENTS OF CASH FLOWS**
**For the years ended December 31, 2016 and 2015**

| | 2016 | 2015 |
|---|---|---|
| Cash flows from operating activities | | |
| Net loss | $ (301,953) | $ (78,968) |
| Adjustments to reconcile net income to cash provided by operating activities | | |
| Depreciation and amortization | 19,083 | 20,083 |
| Bad debt expense | 50,468 | - |
| (Increase) decrease in: | | |
| Accounts receivables - trade | 180,511 | 239,291 |
| Accounts receivables - other | 6,500 | 30,724 |
| Employee advances | 8,900 | 300 |
| Prepaid expenses | 13,955 | (12,154) |
| Increase (decrease) in: | | |
| Accounts payable-trade | (22,528) | (11,450) |
| Accrued expenses | (17,568) | (3,968) |
| Accrued interest | (4,483) | (1,505) |
| Total adjustments | 234,838 | 261,321 |
| Net cash provided by operating activities | (67,115) | 182,353 |
| Cash flows from investing activities | | |
| Purchase of property and equipment | (7,992) | (23,327) |
| Net cash used in investing activities | (7,992) | (23,327) |
| Cash flows from financing activities | | |
| Proceeds of short-term borrowings | 6,414,447 | 9,583,633 |
| Repayment of short-term borrowings | (6,616,809) | (9,793,139) |
| Proceeds of notes payable | 423,277 | 550,966 |
| Repayment of notes payable | (305,500) | (385,476) |
| Net cash used in financing activities | (84,585) | (44,016) |
| Net decrease in cash | (159,692) | 115,010 |
| Cash, beginning of year | 188,150 | 73,140 |
| Cash, end of year | $ 28,458 | $ 188,150 |

**Supplemental Disclosures of Cash Flow Information**

| | 2016 | 2015 |
|---|---|---|
| Cash paid for income taxes | $ 2,500 | $ 10,103 |
| Cash paid for interest | $ 73,057 | $ 84,288 |

*See accompanying notes to the financial statements.*

**NOTE 1 – NATURE OF BUSINESS**

Global Contract Professionals, Inc. (the Company) was organized and chartered on December 29, 2003, in the state of Texas, as a corporation for the purpose of providing temporary contract professional and skilled labor to businesses throughout the United States. Contracts to provide such services vary in length, usually less than one year. The Company's corporate offices are located in Fort Worth, Texas.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

***Basis of accounting***

The accounts are maintained and the financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

***Cash and cash equivalents***

For purposes of the balance sheet and statement of cash flows, the Company considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents. At December 31, 2016 and 2015, the Company had no such investments included in cash.

***Accounts receivable***

The Company performs ongoing credit evaluations of its customers' financial conditions and extends credit to virtually all of its customers on an uncollateralized basis. Customers are headquartered throughout the United States and operate primarily within the aerospace and defense industries.

Accounts receivable are stated at cost, net of any allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. The Company reviews the accounts receivable on a periodic basis and establishes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors including the age of the balance, the customer's payments history, its current credit-worthiness, and current economic trends. As of the years ending December 31, 2016 and 2015, the Company deems all receivables as collectible.

Accounts receivable at December 31, 2016 and 2015 include $16,445 and $41,363 in unbilled contracts respectively related to work performed in the year in which the receivable was recorded. These amounts were billed in the respective subsequent years.

***Revenue Recognition***

The Company recognizes revenues for the performance of services when persuasive evidence of an arrangement exists, service have been rendered or delivery has occurred, the fee is fixed or determinable and the collectability of the related revenue is reasonably assured. The Company derives revenues from fees for services generated on a project basis. Revenues are recognized based on the number of hours worked by the employees or consultants at an agreed-upon rate per hour per the Company's contracts or purchase orders.

***Property and equipment***

Property and equipment is stated at cost. Depreciation of property and equipment is provided on the double-declining balance method over the estimated useful lives as follows:

| | |
|---|---|
| Autos | 5 Years |
| Furniture and equipment | 5-7 Years |
| Leasehold improvements | 15 Years |

Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized. Depreciation expense of $19,083 and $20,083 was incurred during the years ended December 31, 2016 and 2015, respectively.

***Profit sharing plan***

The Company has a 401(k) deferred compensation plan for all eligible employees. Active participants may elect to have the Company make salary reduction contributions on their behalf based on a percentage of their earnings, not to exceed 25%. The Company has the option of making annual discretionary contributions to the plan up to a predetermined limit. For the year ended December 31, 2016 and 2015, the Company made no contributions to the plan.

***Advertising***

The Company expenses advertising costs as incurred. Advertising expense was $54,545 and $73,763 for the years ended December 31, 2016 and 2015, respectively.

***Use of estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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. Actual results could differ from those estimates.

***Going concern assessment***

Beginning with the year ended December 31, 2016 and all annual and interim periods thereafter, management will assess going concern uncertainty in the Company's combined financial statements to determine if there is sufficient cash on hand and working capital to operate for a period of at least one year from the date the combined financial statements are issued or available to be issued, which is referred to as the "look-forward period", as defined in generally accepted accounting principles. As part of this assessment, based on conditions that are known and reasonably knowable, management will consider various scenarios, forecasts, projections, estimates and will make certain key assumptions, including the timing and nature of projected cash expenditures or programs, and its ability to delay or curtail expenditures or programs, if necessary, among other factors. Based on this assessment, as necessary or applicable, management makes certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent it deems probable those implementations can be achieved and management has the proper authority to execute them within the look-forward period. Management's assessment determined the Company is a going concern.

***New accounting pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. This ASU is a comprehensive new leases standard that amends various aspects of existing guidance for leases and requires additional disclosures about leasing arrangements. It will require companies to recognize lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. Topic 842 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous leases guidance. The ASU is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years; earlier adoption is permitted. In the financial statements in which the ASU is first applied, leases shall be measured and recognized at the beginning of the earliest comparative period presented with an adjustment to equity. Practical expedients are available for election as a package and if applied consistently to all leases. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial condition, results of operations and cash flows.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers—Deferral of the Effective Date*, which defers by one year the mandatory effective date of its revenue recognition standard, and provides entities the option to adopt the standard as of the original effective date. The new standard is now effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. Early adoption is now permitted, but not before the original effective date. The Company is currently evaluating the impact, if any, this new standard will have on its combined financial statements, when the Company will adopt the new standard, and the method of adoption.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern*, which requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued and provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. Certain disclosures will be required if conditions give rise to substantial doubt about an entity's ability to continue as a going concern. This accounting standard update applies to all entities and was effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter, with early adoption permitted. The Company adopted this standard during fiscal year 2016.

***Subsequent events***

The Company has evaluated subsequent events through September 29, 2017, which is the date the combined financial statements were available to be issued. See Note 12.

**NOTE 3 – LIQUIDITY**

For the year ended December 31, 2016, the Company generated net loss of $301,953 and used $67,115 of cash for continuing operations. Additionally, at December 31, 2016 the company had cash available of $28,458 and a working capital deficit of $515,881.

On September 21, 2017, the Company entered into a Purchase Agreement to be acquired by Novume Solutions Inc. Upon closing of the acquisition, the Company will become a wholly-owned subsidiary of Novume Solutions, Inc., a Delaware corporation ("Novume"). For additional detail regarding this transaction, refer to Subsequent Events (Note 11).

Management believes that the Company's current level of cash combined with cash that it expects to generate in its operations during the next 12 months including anticipated new customer contracts will be sufficient to sustain the Company's business initiatives through at least September 2018, but there can be no assurance that these measures will be successful or adequate. In the event that the Company's cash reserves and cash flow from operations are not sufficient to fund the Company's future operations, the Company may need to obtain additional capital and rely on Novume Solutions, Inc.

**NOTE 4 – LINE OF CREDIT – BANK**

As of December 31, 2016, the Company renewed a revolving line of credit (Line of Credit Agreement) with Wells Fargo Capital Finance (WFCF). Advances from WFCF are due on December 31, 2017 with interest at the LIBOR plus 3% payable monthly. Payment of the revolving line of credit is secured by the accounts receivable of the Company. The principal balance at December 31, 2016 and 2015 totaled $434,587 and $636,949, respectively.

As part of the Line of Credit Agreement, the Company must maintain certain financial covenants. The Company met all financial covenant requirements during and as of the years ended December 31, 2016 and 2015.

**NOTE 5 – RELATED PARTY TRANSACTIONS**

***Reimbursement for expenses***

The Company reimbursed Global Technical Services, Inc. (GTS), a related party through common ownership, for various expenses during 2016 and 2015 in the amounts of $134,744 and $217,487, respectively.

***Revolving line of credit***

As of January 5, 2004, the Company secured a revolving line of credit in the amount of $1,000,000 from GTS. Advances from GTS are due annually with interest at prime + 1/2% payable monthly. The principal balance at December 31, 2016 and 2015 was $564,537 and $446,760, respectively and was recorded as notes payable – related party on the Company's balance sheet. The Company has recorded interest expense payable of $19,628 and $24,111 in 2016 and 2015, respectively.

***Employee advances***

The Company had outstanding employee advances to officers of $1,750 and $10,650 as of December 31, 2016 and 2015, respectively.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

The Company is a guarantor on a line of credit to GTS from a bank in the amount of $3,000,000, with a balance at December 31, 2016 of $2,074,115. This guarantee would require the Company to make required loan payments to the bank in the event GTS was unable to do so.

**NOTE 7 – CONCENTRATION OF CREDIT RISK**

The Company operates within the aerospace and defense industries. Accordingly, the risk exists that the ability to collect amounts due from customers could be affected by economic fluctuations in these markets and industries. The Company does not believe, however, that it is subject to any unusual credit risk beyond the normal credit risk attendant to operating the business. Historically, credit losses have not been significant.

The Company has three customers, which combined, accounted for approximately 77% and 85% of the Company's total sales during 2016 and 2015, respectively. The amount due from these customers, included in accounts receivable, was $503,114 and $745,853 or approximately 91% and 81% of the balances, at December 31, 2016 and 2015, respectively.

**NOTE 8 – INCOME TAXES**

The Company has elected to be taxed under provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income and is not allowed a net operating loss carryover or carry back as a deduction. Instead, the stockholders are liable for individual federal income taxes on their respective shares of the Company's taxable income or include their respective shares of the Company's net operating loss in their individual income tax returns.

**NOTE 9 – EQUITY**

The Company has authorized a total of 1,000,000 shares of $.01 par value common stock. The Company issued 44,050 shares of voting stock to stockholders. The number of shares issued and outstanding at December 31, 2016 and 2015 is 44,050.

**NOTE 10 – LEASES**

The Company conducts its operations from facilities that are subleased from GTS. In March 2015, the Company increased the sublease base rent with GTS to $1,960 per month. An additional amount equal to the percentage of total paychecks processed multiplied by $6,816 (the remaining unallocated rent of $12,559) is due monthly.

In June 2016, the Company renegotiated the sublease with GTS for the facilities to $3,516 per month. An additional amount equal to the percentage of total paychecks processed multiplied by $3,054 (the remaining unallocated rent of $10,085) is due monthly.

Net rent expense for the years ended December 31, 2016 and 2015 was $66,696 and $52,621, respectively.

Minimum rental payments required under the above operating lease are as follows:

| | | |
|---|---|---|
| 2017 | $ | 42,192 |
| 2018 | | 10,548 |
| | $ | 52,740 |

**NOTE 11 – SUBSEQUENT EVENTS**

On September 21, 2017, the Company entered into a Equity Purchase Agreement with Novume Solutions, Inc. in the amount of $3,750,000.

**NOVUME SOLUTIONS, INC.**
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed consolidated financial statements are based on the historical financial statements of Novume Solutions Inc. (“Novume”) and Global Technical Services, Inc. and Global Contract Professionals, Inc. (collectively “Global”) after giving effect to our acquisition of Global and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed consolidated financial statements. We acquired all of the stock of Global on October 1, 2017. These pro forma condensed consolidated financial statements also give effect to the acquisitions of Firestorm Solutions, LLC and Firestorm Franchising, LLC (“Firestorm”) and Brekford, Inc. (“Brekford”) which occurred during fiscal year 2017.

The unaudited pro forma condensed consolidated balance sheet of Novume and Global as of September 30, 2017 is presented as if the Global acquisition had occurred on September 30, 2017. The unaudited pro forma condensed consolidated statement of operations of Novume, Global, Firestorm and Brekford for the nine months ended September 30, 2017 is presented as if the all of the acquisitions had taken place on January 1, 2017. The unaudited pro forma condensed consolidated balance sheet of Novume, Global, Firestorm and Brekford as of December 31, 2016 is presented as if the Global acquisition had occurred on December 31, 2016. The unaudited pro forma condensed consolidated statement of operations of Novume, Global, Firestorm and Brekford for the fiscal year ended December 31, 2016 is presented as if the all of the acquisitions had taken place on January 1, 2016.

The unaudited pro forma condensed consolidated financial information does not purport to represent what the Company’s results of operations actually would have been if the acquisition of Global had occurred on January 1, 2016 or January 1, 2017 or what such results will be for any future periods or what the consolidated balance sheet would have been if the acquisition had occurred on September 30, 2017 or December 31, 2016. The actual results in the periods following the acquisition may differ significantly from that reflected in the unaudited pro forma condensed consolidated financial information for a number of reasons including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma condensed consolidated financial information and the actual amounts and the completion of a final valuation of the acquisition. In addition, no adjustments have been made for non-recurring integration plans or operational efficiencies that may have been achieved if the acquisition had occurred on January 1, 2017 or January 1, 2016.

The unaudited pro forma condensed consolidated financial information has been prepared giving effect to the acquisitions, which are accounted for as a business combination in accordance with the Financial Accounting Standards Board Accounting Standards Codification 805, “Business Combinations.” The unaudited pro forma adjustments are based on management’s preliminary estimates of the values of the tangible and intangible assets and liabilities acquired. As a result, the actual adjustments may differ materially from those presented in the unaudited pro forma condensed consolidated financial statements. A change in the unaudited pro forma adjustments of the purchase price for the acquisition would primarily result in a reallocation affecting the value assigned to tangible and intangible assets. The income statement effect of these changes will depend on the nature and amount of the assets or liabilities adjusted.

These unaudited pro forma condensed consolidated financial statements, including the notes hereto, should be read in conjunction with (i) the historical consolidated financial statements for Novume included in its Quarterly Report on Form 10-Q for the nine months ended September 30, 2017; and (ii) the historical audited and unaudited financial statements of Global included as Exhibit 99.1, respectively to Novume’s Form 8-K/A dated November 21, 2017 (amending Novume’s Form 8-K dated October 1, 2017 and filed on October 4, 2017).

**NOVUME SOLUTIONS, INC.**
**PRO FORMA CONDENSED COMBINED BALANCE SHEET**
**AS OF SEPTEMBER 30, 2017**
**(UNAUDITED)**

| | Novume Solutions, Inc. | Global Technical Services, Inc. | Global Contract Professionals, Inc. | Pro Forma Adjustments | Ref | Novume Solutions, Inc. |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | $ 3,762,265 | $ 14,447 | $ 6,487 | $ (1,090,037) | (1) | $ 2,693,162 |
| Investments | - | - | - | | | - |
| Accounts receivable, net | 3,300,742 | 3,103,292 | 1,015,174 | - | | 7,419,208 |
| Note receivable, current portion | 300,000 | 645,505 | - | (645,505) | (3) | 300,000 |
| Unbilled receivables | - | - | - | - | | - |
| Inventory | 169,232 | - | - | - | | 169,232 |
| Prepaids and other current assets | 253,607 | 118,722 | 3,545 | - | | 375,874 |
| Total current assets | 7,785,846 | 3,881,966 | 1,025,206 | (1,735,542) | | 10,957,476 |
| Property and equipment, net | 365,036 | 90,457 | 23,303 | - | | 478,796 |
| Excess purchase price over net assets | 1,960,345 | - | - | 3,725,525 | (1) | 5,685,870 |
| Intangibles, net | 2,168,941 | | | | | 2,168,941 |
| Note receivable, non-current | 1,649,000 | - | - | - | | 1,649,000 |
| Deferred tax asset | 1,184,359 | | | | | 1,184,359 |
| Investment at cost | 262,140 | - | - | - | | 262,140 |
| Other non-current assets | 39,387 | - | 9,241 | - | | 48,628 |
| TOTAL ASSETS | $15,415,054 | $ 3,972,423 | $ 1,057,750 | $ 1,989,983 | | $22,435,210 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable and accrued expenses | $ 3,290,345 | $ 603,888 | $ 194,930 | $ (48,539) | (1) | $ 4,040,624 |
| Obligations under other notes payable - current portion | - | 2,656,421 | 1,402,331 | (645,505) | (3) | 3,071,750 |
| | | | | (341,497) | (1) | |
| Other current liabilities | 72,500 | 69,940 | 23,230 | 4,795 | (2) | 100,526 |
| | | | | (69,940) | (1) | |
| Total current liabilities | 3,362,845 | 3,330,249 | 1,620,491 | (1,100,686) | | 7,212,900 |
| LONG - TERM LIABILITIES | | | | | | |
| Notes payable – stockholders | 1,419,753 | - | - | 200,000 | (1) | 1,619,753 |
| Other notes payable - net of current portion | - | 954,316 | - | (954,316) | (1) | - |
| Deferred rent, net of current portion | 54,705 | - | - | - | | 54,705 |
| Total long-term liabilities | 1,474,458 | 954,316 | - | (754,316) | | 1,674,458 |
| TOTAL LIABILITIES | 4,837,303 | 4,284,565 | 1,620,491 | (1,855,003) | | 8,887,358 |
| Series A convertible redeemable preferred stock | 3,845,925 | - | | | | 3,845,925 |
| STOCKHOLDERS' (DEFICIT) EQUITY | | | | | | |
| Common stock | 1,394 | 10,000 | 441 | (10,441) | (1) | 1,431 |
| | | | | 37 | (1) | |
| Additional paid-in capital | 9,325,795 | 565,984 | (240,117) | (325,867) | (1) | 9,892,045 |
| | | | | 566,250 | (1) | |
| Preferred Stock | - | - | - | 2,408,610 | (1) | 2,408,610 |
| Treasury Stock | - | (4,464,860) | - | 4,464,860 | (1) | - |
| Accumulated (Deficit) Earnings | (2,595,363) | 3,576,734 | (323,065) | (4,795) | (2) | (2,600,159) |
| | | | - | (3,253,669) | (1) | |
| TOTAL STOCKHOLDERS' (DEFICIT) EQUITY | 6,731,826 | (312,142) | (562,741) | 3,844,986 | | 9,701,927 |
| TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY | $15,415,054 | $ 3,972,423 | $ 1,057,750 | $ 1,989,983 | | $22,435,210 |

**NOVUME SOLUTIONS, INC.**
**PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017**
**(UNAUDITED)**

| | Novume Solutions, Inc. | Brekford Traffic Safety, Inc. | Firestorm, LLC & Affiliate (5) | Global Technical Services, Inc. | Global Contract Professionals, Inc. | Pro Forma Adjustments | Ref | Novume Solutions, Inc. |
|---|---|---|---|---|---|---|---|---|
| Net revenue | $11,131,825 | $ 2,068,759 | $ 36,760 | $13,650,759 | $ 4,936,613 | $ - | | $31,824,716 |
| Cost of revenue | 6,017,982 | 778,378 | 6,279 | 12,193,454 | 4,408,811 | - | | 23,404,904 |
| Gross Profit | 5,113,843 | 1,290,381 | 30,482 | 1,457,305 | 527,802 | - | | 8,419,813 |
| | | | | | | | | |
| Operating Expenses | | | | | | | | |
| Salaries and related expenses | - | 1,237,539 | - | - | - | - | | 1,237,539 |
| Selling, general and administrative expenses | 8,036,339 | 825,545 | 10,741 | 1,334,855 | 542,020 | - | | 10,749,500 |
| Total operating expenses | 8,036,339 | 2,063,084 | 10,741 | 1,334,855 | 542,020 | - | | 11,987,039 |
| (Loss) income from operations | (2,922,496) | (772,703) | 19,740 | 122,450 | (14,218) | - | | |
| Other income (expense) | | | | | | | | |
| Interest (expense) income, net | (97,624) | 17,546 | - | (157,554) | (72,323) | (4,795) | (2) | (314,750) |
| Change in fair value of derivative liability | - | 6,132 | - | - | - | - | | 6,132 |
| Other income (expense) | 142,283 | (235,724) | - | 10,982 | (2,511) | - | | (84,970) |
| Total other income (expense) | 44,659 | (212,046) | - | (146,572) | (74,834) | (4,795) | | (393,588) |
| Net (loss) income - before taxes and foreign currency | (2,877,837) | (984,749) | 19,740 | (24,122) | (89,052) | (4,795) | | (3,960,815) |
| Benefit from income taxes | 964,377 | 2,068,132 | - | - | - | (2,132,725) | (4) | 899,784 |
| Net (loss) income - from continuing operations | $ (1,913,460) | $ 1,083,383 | $ 19,740 | $ (24,122) | $ (89,052) | $ (2,137,520) | | $ (3,061,031) |
| | | | | | | | | |
| (Loss) earnings per share - basic and diluted | $ (0.20) | $ 0.02 | | $ (0.55) | $ (2.02) | $ 0.05 | (5) | $ (0.21) |
| | | | | | | | | |
| Weighted average number of shares - basic and diluted | 10,920,866 | 49,311,264 | | 44,050 | 44,050 | (46,011,446) | (5) | 14,308,784 |

**NOVUME SOLUTIONS, INC.**
**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (UNAUDITED)**

(1) Reflects the impact of the marger of Global Technical Services, Inc. ("GTS") and Global Contract Professional, Inc. ("GCP") (collectively "Global") with Novume Solutions, Inc. ("Novume") on October 1, 2017, including the elimination of Global's equity of $824,505 and the related allocation to excess of purchase price over net assets acquired. Consideration paid as part of this merger include $900,000 in cash, 300,000 shares of Novume common stock, $1,800,000 of Novume Series B Preferred Stock, and debt reduction payments totalling approximately $1,195,554.

(2) Reflects interest expense of $4,795 on the discounted $907,407 notes payable issued at 7% per annum by Novume as part of the Firestorm acquisition.

(3) Reflects the elimination of intercompany balances between GTS and GCP.

(4) Brekford Traffic Safety Inc.'s ("Brekford") vehicle services business (the "Vehicle Services business") was sold to an unrelated third party on February 28, 2017. Brekford met the criteria for the Vehicle Services business to be classified as held for sale in December 2016 as Brekford had entered into a letter of intent with the purchaser and concluded that such sale was probable prior to December 31, 2016. In the three months ended March 31 2017 and 2016, Brekford reported financial results for both operations and discontinued operations. ASC 740-20-45 sets down the general rule for allocating income tax expense or benefit between operations and discontinued operations. The general rule requires the computation of tax expense or benefit by entity taking into consideration all items of income, expense, and tax credits. Next, a computation is made taking into consideration only those items related to continuing operations. Any difference is allocated to items other than continuing operations e.g. discontinued operations. Under these general rules, no tax expense or benefit would be allocated to discontinued operations. An exception to these rules apply under ASC 740-20-45-7 where an entity has 1) a loss from continuing operations and income related to other items such as discontinued operations and 2) the entity would not otherwise recognize a benefit for the loss from continuing operations under the approach described in ASC 740-20-45. This fact pattern applies for the three months ended March 31, 2017 and 2016. Application of this rule exception results in the allocation of tax expense to discontinued operations with an offsetting amount of tax benefit reported by the continuing operations. Overall, Brekford allocated $2,132,725 and $0 of tax expense to net income from discontinued operations and an offsetting tax benefit to net loss from continuing operations in the three months ended March 31 2017 and 2016, respectively. This pro forma adjustments reflects the elimination of this $2,132,725 tax benefit recognized in current operations related to the discontinued operations during the three months ended March 31, 2017.

(5) Because Firestorm is an LLC, no earnings per share is calculated.

**NOVUME SOLUTIONS, INC.**
**PRO FORMA CONDENSED COMBINED BALANCE SHEET**
**AS OF DECEMBER 31, 2016**
**(UNAUDITED)**

| | Novume Solutions, Inc. | Brekford Traffic Safety, Inc. | Firestorm Solutions LLC and Franchising LLC | Global Technical Services, Inc. | Global Contract Professionals, Inc. | Pro Forma Adjustments | Ref | Novume Solutions, Inc. |
|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | |
| CURRENT ASSETS | | | | | | | | |
| Cash and cash equivalents | $ 2,788,587 | $ 591,618 | $ 3,319 | $ 43,239 | $ 28,458 | $ (627,038) | (1) | $ 7,619,698 |
| | | | | | | 1,865,008 | (2) | |
| | | | | | | 4,048,394 | (4) | |
| | | | | | | (1,121,887) | (8) | |
| | | | | | | | | |
| Accounts receivable, net | 1,997,831 | 115,106 | 76,517 | 2,349,756 | 527,054 | - | | 5,066,264 |
| Inter-company receivable | | | - | 564,537 | - | (564,537) | (7) | - |
| Unbilled receivables | - | 314,262 | - | - | - | - | | 314,262 |
| Note receivable, net | - | - | - | - | - | | | - |
| Inventory | - | 221,186 | - | - | - | - | | 221,186 |
| Prepaids and other current assets | 81,011 | 53,211 | 8,940 | 318,295 | 3,525 | - | | 464,982 |
| Current assets - discontinued operations | - | 1,069,511 | - | - | - | (1,069,511) | (4) | - |
| Total current assets | 4,867,429 | 2,364,894 | 88,776 | 3,275,827 | 559,037 | 2,530,429 | | 13,686,392 |
| Property and equipment, net | 119,069 | 208,310 | - | 122,748 | 32,952 | - | | 483,079 |
| Excess of purchase price over net assets acquired | - | - | - | - | - | 2,044,974 | (1) | 6,259,533 |
| | | | | | | 482,045 | (3) | |
| | | | | | | 3,732,514 | (8) | |
| Notes receivable | - | - | - | - | - | 2,000,000 | (4) | 2,000,000 |
| Investment at cost | - | - | - | - | - | 1,491,000 | (4) | 1,491,000 |
| Non-current assets - discontinued operations | - | 40,387 | - | - | - | (40,387) | (4) | - |
| Other non-current assets | 496,227 | 9,877 | 49,811 | - | 9,241 | 67,491 | (2) | 395,684 |
| | | | | | | (236,963) | (2) | |
| TOTAL ASSETS | $ 5,482,725 | $ 2,623,468 | $ 138,587 | $ 3,398,575 | $ 601,230 | $12,071,103 | | $24,315,688 |
| LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | | | | | | | |
| CURRENT LIABILITIES | | | | | | | | |
| Accounts payable and accrued expenses | $ 1,152,471 | $ 738,942 | $ 62,847 | $ 438,448 | $ 56,166 | $ (84,007) | (8) | $ 2,364,867 |
| Line of credit | - | - | - | 2,074,115 | 434,587 | - | | 2,508,702 |
| Inter-company payable | | | - | - | 564,537 | (564,537) | (7) | - |
| Obligations under other notes payable - current portion | - | - | - | 421,193 | - | (421,193) | (8) | - |
| Capital lease obligations, current portion | - | - | - | - | - | | | - |
| Deferred revenue | - | - | - | - | - | - | | - |
| Current liabilities - discontinued operations | | 971,466 | | - | - | (971,466) | (4) | - |
| Other current liabilities | - | 99,918 | - | 69,940 | 19,628 | (137,880) | (8) | 51,606 |
| Total current liabilities | 1,152,471 | 1,810,326 | 62,847 | 3,003,696 | 1,074,918 | (2,179,083) | | 4,925,175 |
| | | | | | | | | |
| LONG - TERM LIABILITIES | | | | | | | | |
| Notes payable – stockholders | 457,289 | - | - | - | - | 200,000 | (8) | 657,289 |
| Notes payable - net of current portion | - | | - | 682,897 | - | (682,897) | (8) | - |
| Deferred rent, net of current portion | 56,709 | 6,520 | - | - | - | - | | 63,229 |
| Derivative liability | - | - | - | - | - | | | - |
| Deferred compensation liability | - | - | - | - | - | | | - |
| Deferred tax liability | - | - | - | - | - | | | - |
| Long-term liabilities - discontinued operations | - | 989,520 | - | - | - | (989,520) | (4) | - |
| Convertible promissory notes, net of debt discounts and issuance costs | - | 299,147 | - | - | - | 907,407 | (1) | 1,206,554 |
| Total long-term liabilities | 513,998 | 1,295,187 | - | 682,897 | - | (565,010) | | 1,927,072 |
| TOTAL LIABILITIES | 1,666,469 | 3,105,513 | 62,847 | 3,686,593 | 1,074,918 | (2,744,093) | | 6,852,247 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Series A convertible redeemable preferred stock | 2,269,602 | - | - | - | - | 1,865,008 | (2) | 3,897,647 |
| | | | | | | (236,963) | (2) | |
| STOCKHOLDERS' (DEFICIT) EQUITY | | | | | | | | |
| Member's (deficit) equity | - | - | 75,740 | - | - | (75,740) | (1) | - |
| Common stock | 500 | 4,931 | - | 10,000 | 441 | 49 | (1) | 587 |
| | | | | | | (4,931) | (3) | |
| | | | | | | (10,441) | (8) | |
| | | | | | | 38 | (8) | |
| Additional paid-in capital | 1,976,549 | 11,515,472 | - | 565,984 | - | 1,203,937 | (1) | 3,814,227 |
| | | | | | | (11,515,472) | (3) | |
| | | | | | | 67,491 | (2) | |
| | | | | | | (565,984) | (8) | |
| | | | | | | 566,250 | (8) | |
| Preferred Stock | | | | | | 2,408,610 | (8) | 2,408,610 |
| Treasury Stock, at cost 10,600 shares at December 31, 2016 | - | (5,890) | - | (4,464,860) | - | 5,890 | (3) | - |
| | | | | | | 4,464,860 | (8) | |
| Accumulated (Deficit) Earnings | (430,395) | (11,996,783) | - | 3,600,858 | (474,129) | (617,717) | (1) | 7,342,370 |
| | | | | | | 11,996,783 | (3) | |
| | | | | | | 8,390,482 | (4) | |
| | | | | | | (3,126,729) | (8) | |
| Other comprehensive loss | - | 225 | - | - | - | (225) | (3) | - |
| TOTAL STOCKHOLDERS' (DEFICIT) EQUITY | 1,546,654 | (482,045) | 75,740 | (288,018) | (473,688) | 13,187,150 | | 13,565,794 |
| TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY | $ 5,482,725 | $ 2,623,468 | $ 138,587 | $ 3,398,575 | $ 601,230 | $12,071,103 | | $24,315,688 |

**NOVUME SOLUTIONS, INC.**
**PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2016**
**(UNAUDITED)**

| | Novume Solutions, Inc. | Brekford, Inc. | Firestorm Solutions LLC and Franchising LLC (5) | Global Technical Services, Inc. | Global Contract Professionals, Inc. | Pro Forma Adjustments | Ref | Novume Solutions, Inc. |
|---|---|---|---|---|---|---|---|---|
| Net revenue | $12,128,406 | $ 2,534,264 | $ 1,195,474 | $18,116,381 | $ 6,272,572 | $ - | | $40,247,097 |
| Cost of revenue | 6,959,514 | 827,304 | 686,722 | 16,076,148 | 5,605,520 | - | | 30,155,208 |
| Gross Profit | 5,168,892 | 1,706,960 | 508,752 | 2,040,233 | 667,052 | - | | 10,091,889 |
| Operating Expenses | | | | | | | | |
| Salaries and related expenses | - | 1,645,073 | - | - | - | - | | 1,645,073 |
| Selling, general and administrative expenses | 5,262,768 | 1,071,272 | 563,897 | 2,313,754 | 896,702 | 490,680 | (9) | 10,599,073 |
| Total operating expenses | 5,262,768 | 2,716,345 | 563,897 | 2,313,754 | 896,702 | 490,680 | | 12,244,146 |
| (Loss) income from operations | (93,876) | (1,009,385) | (55,145) | (273,521) | (229,650) | (490,480) | | (2,152,257) |
| Other (expense) income | | | | | | | | |
| Interest expense | (165,079) | (402,168) | - | (125,015) | (71,621) | (63,519) | (6) | (827,402) |
| Change in fair value of derivative liability | - | 74,676 | - | - | - | | | 74,676 |
| Other income (expense) | - | - | 12,596 | 2,074 | (682) | | | 13,988 |
| Loss on extinguishment of debt | - | (291,911) | - | - | - | | | (291,911) |
| Total other (expense) income | (165,079) | (619,403) | 12,596 | (122,941) | (72,303) | (63,519) | | (1,030,649) |
| Net loss - before taxes and foreign currency | (258,955) | (1,628,788) | (42,549) | (396,462) | (301,953) | (554,199) | | (3,182,649) |
| Benefit from income taxes / income tax expense | 219,971 | 230,900 | - | - | - | - | | 450,871 |
| Net loss - from continuing operations | (38,984) | (1,397,888) | (42,549) | (396,462) | (301,953) | (554,199) | | (2,732,035) |
| Net income from discontinued operations | - | 343,485 | | - | - | (343,485) | (4) | - |
| Net loss | $ (38,984) | $ (1,054,403) | $ (42,549) | $ (396,462) | $ (301,953) | $ (897,684) | | $ (2,732,035) |
| Loss per share - basic and diluted | $ (0.01) | $ (0.02) | | $ (9.00) | $ (6.85) | $ 0.01 | (5) | $ (0.19) |
| Weighted average number of shares - basic and diluted | 3,958,619 | 47,357,787 | | 44,050 | 44,050 | (37,095,722) | (5) | 14,308,784 |

(1) Reflects the financial impact of the Firestorm Solutions, LLC and Firestorm Franchising, LLC (collectively "Firestorm") acquisitions by Novume on January 25, 2017, including the elimination of the Firestorm equity, the acquisition consideration paid of $500,000 in cash, the net present value of the $1,000,000 notes payable to be issued, 488,094 shares of common stock in the aggregate to be issued to the Firestorm principals valued at $2 per share, the warrants to be issued to purchase 325,398 Novume Common Shares valued at $227,700 and excess of purchase price consideration over net asset values as of December 31, 2016. Included in cash paid is $127,037 in cash that would ahve been remitted for interest expense on the notes payable issued by Novume for the Firestorm acquisition. Amounts recorded include the impact of the amortization of the excess of purchase price consideration over net asset values of $490,680 for the year ended December 31, 2016.

(2) Reflects the impact of the second and third closings of Novume's convertible preferred stock and warrants offering net of offering costs. The aggregate gross proceeds of the second and third closings for 200,757 Units was $2,007,570 and offering costs netted against the gross proceeds were $142,565 for net proceeds of $1,865,008. The Company also eliminated on a pro forma basis $216,842 of costs that were paid in 2016 and deferred as of December 31, 2016. The fair value of $67,491 related to the 50,189 warrants issued related to the second and third closings were recorded to equity.

(3) Reflects the impact of the Brekford Traffic Safety Inc. ("Brekford"), including the elimination of Brekford's equity of $482,045 as of December 31, 2016 and the related allocation to excess of purchase price over net assets acquired. Equity consideration and related intangible assets will be finalized included upon approval and completion of the merger.

(4) Reflects the consideration received of $4,048,394 in net cash and $2,000,000 in notes receivable and disposition of Brekford's vehicle services business (the "Vehicle Services business") which was sold to an unrelated third party on February 28, 2017. Brekford met the criteria for the Vehicle Services business to be classified as held for sale in December 2016 as Brekford had entered into a letter of intent with the purchaser and concluded that such sale was probable prior to December 31, 2016. As such, Brekford reported the Vehicle Services business as discontinued operations in Brekford's consolidated financial statements as of December 31, 2016 and for the years ended December 31, 2016 and 2015, respectively. The Company eliminated current assets - discontinued operations of $1,069,511, non-current assets - discontinued operations of $40,387, current liabilities - discontinued operations of $971,466 and long term liabilities - discontinued operations of $989,520 that were recorded on Brekford's balance sheet as of December 31, 2016. The Company also recorded the cost investment of $1,491,000 related to the 19.9% retained ownership (estimated fair value after the purchase price allocation for the Brekford merger) and a net adjustment to accumulated earnings of $6,883,827 representing the gain on sale of the discontinued operations. For the income statement, Brekford's reported net income from discontinued operations in fiscal year 2016 of $343,485 and in fiscal year 2015 of $573,659 were eliminated.

(5) Because Firestorm is an LLC, no earnings per share is calculated.

(6) Reflects interest expense of $63,519 on the discounted $907,407 notes payable issued at 7% per annum by Novume as part of the Firestorm acquisition for the year ended December 31, 2016.

(7) Reflects the elimination of intercompany balances between Global Technical Services, Inc. and Global Contract Professionals, Inc.

(8) Reflects the impact of the merger of Global Technical Services, Inc. and Global Contract Professionals, Inc. (collectively"Global") with Novume on October 1, 2017, including the elimination of TeamGlobal's negative equity of $822,724 and the related allocation to excess of purchase price over net assets acquired. Consideration paid for this merger include $900,000 in cash, 300,000 shares of Novume's common stock, $1,800,000 of Series B Preferred Stock, and debt reduction payments totalling approximately $1,195,554.

(9) Reflects amortization expense of $490,680 on the excess of purchase price consideration over net asset values related to the acquistion of Firestorm for the year ended December 31, 2016.