UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A
(Amendment No. 1)

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

Date of Report (Date of earliest event reported): April 6, 2023

DecisionPoint Systems, Inc.
(Exact name of registrant as specified in its charter)

Delaware	333-245695	37-1644635
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

DecisionPoint Systems, Inc. 1625 South Congress Avenue, Suite 103 Delray Beach, Florida	33445
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (949) 465-0065
(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	DPSI	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

On March 31, 2023, DecisionPoint Systems, Inc. (the "Company") entered into a Stock Purchase with the Durwood Wayne Williams Revocable Trust and the Collins Family Living Trust, as sellers (collectively, the "Sellers") and with Durwood W. Williams and Bartley E. Collins (the respective trustees of the Sellers), individually, pursuant to which the Company acquired all of the issued and outstanding equity of Macro Integration Services, Inc. ("Macro") from the Sellers (the "Acquisition"), effective April 1, 2023. This Amendment No. 1 ("this Amendment") to the Current Report on Form 8-K filed on April 6, 2023 (the "Initial Report") is being filed to provide Macro's audited consolidated financial statements for the year ended December 31, 2022, unaudited financial statements for the three month period ended March 31, 2023, and the unaudited pro forma consolidated financial information related to the Acquisition as required by applicable rules under SEC Regulation S-X and Items 9.01(a) and 9.01(b) of Form 8-K all of which were previously omitted from the Initial Report as permitted by Item 9.01(a)(3).

Item 9.01 Financial Statements and Exhibits.

(a) ***Financial Statements of Business Acquired***

The audited financial statements of Macro as of and for the year ended December 31, 2022, and the unaudited financial statements as of and for the three months ended March

31, 2023, are filed herewith as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference. The consent of Haskell & White LLP, the Company's independent registered public accounting firm, is attached as Exhibit 23.1 to this Amendment.

(b) ***Pro Forma Financial Information***

The unaudited pro forma condensed consolidated financial statements of the Company and Macro as of and for the three months ended March 31, 2023 and for the year ended December 31, 2022, filed herewith and attached hereto as Exhibit 99.3, are incorporated herein by reference.

(d) ***Exhibits***

Below is a list of exhibits included with this Amendment.

Exhibit No.	Document
23.1	Consent of Haskell & White LLP
99.1	Audited financial statements of Macro Integration Services, Inc. as of and for the year ended December 31, 2022
99.2	Unaudited financial statements of Macro Integration Services, Inc. as of and for the three months ended March 31, 2023
99.3	Unaudited pro forma condensed consolidated financial statements of DecisionPoint Systems, Inc. and Macro Integration Services, Inc. as of and for the three months ended March 31, 2023 and for the year ended December 31, 2022
104	Cover Page Interactive Data File (embedded within Inline XBRL document).

SIGNATURES

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

Date: June 15, 2023

DecisionPoint Systems, Inc.

By: /s/ Melinda Wohl
Name: Melinda Wohl
Title: Vice President Finance and Administration
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
DecisionPoint Systems, Inc.

We consent to the incorporation by reference in the Registration Statement on Form S-1 (File No. 333-245695) and the Registration Statements on Form S-8 (File Nos. 333-271242 and 333-257771) of DecisionPoint Systems, Inc. of our report dated June 15, 2023 with respect to the balance sheet of Macro Integration Systems, Inc. as of December 31, 2022, and the related statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements, which report appears in the Form 8-K/A of DecisionPoint Systems, Inc. filed on June 15, 2023.

/s/ Haskell & White LLP
HASKELL & WHITE LLP

Irvine, California
June 15, 2023

MACRO INTEGRATION SYSTEMS, INC.

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and
Stockholders of Macro Integration Services, Inc.

Opinion

We have audited the accompanying financial statements of Macro Integration Services, Inc. (the "Company") which comprise the balance sheet as of December 31, 2022, the related statements of income, stockholders' equity and cash flows for the year then ended, and the related notes (collectively, the "financial statements").

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, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

/s/ Haskell & White LLP
HASKELL & WHITE LLP

Irvine, California
June 15, 2023

Macro Integration Systems, Inc.
Balance Sheet
As of December 31, 2022
(in thousands, except per share data)

ASSETS		
Current assets:		
Cash	$	35
Accounts receivable, net		7,268
Inventory		3,290
Prepaid expenses and other current assets		162
Total current assets		10,755
Operating lease asset		1,472
Property and equipment, net		818
Other		44
Total assets	$	13,089
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$	2,500
Accrued expenses and other current liabilities		561
Deferred revenue		1,162
Revolving line of credit		735
Current portion of long-term debt		77
Current portion of operating lease liabilities		319
Total current liabilities		5,354
Long-term debt, net of current portion		141
Noncurrent portion of operating lease liability		1,261
Total liabilities		6,756
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, $1.00 par value; 100 shares authorized; 7 shares issued and outstanding		7
Retained earnings		6,326
Total stockholders' equity		6,333
Total liabilities and stockholders' equity	$	13,089

The accompanying notes are an integral part of these financial statements.

Macro Integration Systems, Inc.
Statement of Income
For the Year Ended December 31, 2022
(In Thousands)

Net sales:		
Service	$	19,228
Product		5,131
Net sales		24,359
Cost of sales:		
Service		12,044
Product		4,096
Cost of sales		16,140
Gross profit		8,219
Operating expenses:		
Sales and marketing expense		1,282
General and administrative expenses		6,176
Total operating expenses		7,458
Operating income		761
Interest expense		(35)

Other income, net	27
Net income	$ 753

The accompanying notes are an integral part of these financial statements.

Macro Integration Systems, Inc.
Statement of Stockholders' Equity
For the Year Ended December 31, 2022
(In thousands)

	Common Stock		Retained	Total Stockholders'
	Shares	Amount	Earnings	Equity
Balance at December 31, 2021	7	$ 7	$ 6,573	$ 6,580
Net income	-	-	753	753
Distributions to stockholders	-	-	(1,000)	(1,000)
Balance at December 31, 2022	7	$ 7	$ 6,326	$ 6,333

The accompanying notes are an integral part of these financial statements.

Macro Integrations Systems, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022
(In thousands)

Cash flows from operating activities	
Net income	$ 753
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	196
Amortization of right-of-use asset	315
Allowance for doubtful accounts	240
Changes in operating assets and liabilities:	
Accounts receivable	(2,717)
Inventory	(1,983)
Prepaid expenses and other current assets	(355)
Accounts payable	1,381
Accrued expenses and other current liabilities	259
Operating lease liabilities	(207)
Deferred revenue	862
Net cash used in operating activities	(1,256)
Cash flows from investing activities	
Purchases of property and equipment	(422)
Net cash used in investing activities	(422)
Cash flows from financing activities	
Line of credit, net	735
Payment under financing obligations	(60)
Distributions to shareholders	(1,000)
Net cash used in financing activities	(325)
Change in cash	(2,003)
Cash, beginning of period	2,038
Cash, end of period	$ 35
Supplemental disclosures of cash flow information	
Cash paid for interest	$ 35
Non-cash investing and financing activities	
Right-of-use assets obtained upon adoption of ASC 842	$ 1,786
Operating lease liabilities incurred upon adoption of ASC 842	1,864
Property and equipment obtained in exchange for financing obligations	$ 137

The accompanying notes are an integral part of these financial statements.

Macro Integration Systems, Inc.
Notes to the Financial Statements
December 31, 2022

Note 1: Description of Business

Macro Integration Systems, Inc. ("Macro" or "the Company"), a company based in Greensboro, North Carolina, founded in 2002, is a solution provider of computer technology-base point of sale hardware products and associated professional services. Macro is a value-added reseller ("VAR") that buys point of sale mobile computing, scanning, printing, and wireless products from various manufacturers and distributors. Macro also provides professional services for project management, implementation, deployment, installations, upgrades, training, and support.

Note 2: Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of Macro Integration Systems, Inc. have been prepared on an accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. Management evaluates its estimates and assumptions on a regular basis.

Accounts Receivable

Accounts receivable are stated at net realizable value, and as such, earnings are charged with a provision for doubtful accounts based on management's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. Management determines an allowance based on historical write-off experience, expectations regarding future periods, and specific account information available. Accounts receivable are reflected in the accompanying balance sheet net of a valuation allowance of $240,000 as of December 31, 2022. When internal collection efforts on accounts have been exhausted, the accounts are written off by reducing the allowance for doubtful accounts and the related customer receivable.

Inventory

Inventory consists solely of finished goods and is stated at the lower of cost or net realizable value. Cost is determined under the first-in, first-out (FIFO) method. Management periodically reviews inventory and makes provisions as necessary for estimated obsolete and slow-moving goods. The creation of such provisions results in a reduction of inventory to net realizable value and a charge to cost of sales. There was no inventory valuation allowance as of December 31, 2022.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, generally from three to five years. Leasehold improvements are recorded at cost and amortized over the shorter of the lease term or the life of the improvements. Cost incurred for repairs and maintenance are expensed as incurred. Upon retirement or sale, the cost and related accumulated depreciation and amortization of disposed assets are removed from the accounts and any resulting gain or loss is included in non-operating income/ loss.

Long-lived Assets

Management evaluates its intangible and long-lived assets for impairment when events or circumstances arise that indicate long-lived assets may be impaired. Indicators of impairment include, but are not limited to, a significant deterioration in overall economic conditions, a decline in the market capitalization, the loss of significant business, or other significant adverse changes in industry or market conditions. Management completed the qualitative assessment for impairment and determined that there was no impairment during the year ended December 31, 2022. There can be no assurance, however, that market conditions will not change or demand for our products will continue, which could result in an impairment of long-lived assets in the future.

Operating Leases

Management recognizes a right-of-use asset and lease liability for all of the long-term leases at the commencement date. Lease liabilities are measured based on the present value of the minimum lease payments discounted at the Company's incremental borrowing rate as of the date of commencement, which is determined based on information available at lease commencement and is equal to the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. Right-of-use assets are measured based on the lease liability adjusted for any initial direct costs, prepaid rent, or lease incentives. Operating lease costs are included within general and administrative expenses on the statement of income.

Fair Value Measurement

Fair value is the price that would be received from selling an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides a hierarchy for inputs used in measuring fair value that prioritize the use of observable inputs over the use of unobservable inputs, when such observable inputs are available. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.

- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.

- Level 3 - Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by Management.

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of these financial instruments.

Revenue Recognition

The Company determines revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, a performance obligation is satisfied.

The Company combines contracts with the same customer into a single contract for accounting purposes when the contracts are entered into at or near the same time and the contracts are negotiated as a single commercial package, consideration in one contract depends on the other contract, or the services are considered a single performance obligation. If an arrangement involves multiple performance obligations, the items are analyzed to determine the separate units of accounting, whether the items have value on a standalone basis and whether there is objective and reliable evidence of their standalone selling price. The total contract transaction price is allocated to the identified performance obligations based upon the relative standalone selling prices of the performance obligations. The standalone selling price is based on an observable price for services sold to other comparable customers, when available, or an estimated selling price using a cost plus margin approach. Management estimates the amount of total contract consideration it expects to receive for variable arrangements by determining the most likely amount it expects to earn from the arrangement based on the expected quantities of services it expects to provide, and the contractual pricing based on those quantities. Management only includes some or a portion of variable consideration in the transaction price when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is subsequently resolved. The Company considers the sensitivity of the estimate, its relationship and experience with its clients and variable services being performed, the range of possible revenue amounts and the magnitude of the variable consideration to the overall arrangement.

As discussed in more detail below, revenue is recognized when a customer obtains control of promised goods or services under the terms of a contract and is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The Company does not have any material extended payment terms, as payment is due at or shortly after the time of the sale. Sales, value-added and other taxes collected concurrently with revenue producing activities are excluded from revenue.

The Company recognizes contract assets or unbilled receivables related to revenue recognized for services completed but not yet invoiced. Unbilled receivables are recorded when the Company has an unconditional right to contract consideration. A contract liability is recognized as deferred revenue when the Company invoices clients, or receives customer cash payments, in advance of performing the related services under the terms of a contract. Remaining performance obligations represent the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. Deferred revenue is recognized as revenue when the related performance obligation is satisfied.

As of December 31, 2022 the total aggregate transaction price allocated to the unsatisfied performance obligations was approximately $1.2 million which is expected to be recognized over the next 12 months.

The following tables summarizes the deferred revenue activity for the year ending December 31, 2022 (in thousands):

Beginning balance at December 31, 2021	$	300
Additions		2,700
Revenue recognized		(1,838)
Ending balance at December 31, 2022	$	1,162

Hardware and consumable products – The Company recognizes product revenue at the point in time when a client takes control of the hardware, which typically occurs when title and risk of loss have passed to the client. The Company's selling terms and conditions reflect that F.O.B 'dock' contractual terms establish that control is transferred from the Company at the point in time when the product is shipped to the customer. The Company does not offer warranties on its hardware and consumable products.

The Company leverages drop-ship shipments with many of its partners and suppliers to deliver hardware and consumable products to its clients without having to physically hold the inventory at its warehouses, thereby increasing efficiency and reducing costs. The Company recognizes revenue for drop-ship arrangements on a gross basis as the principal in the transaction when the product is received by the client because it controls the product prior to transfer to the client. The Company also assumes primary responsibility for the fulfillment in the arrangement, assumes inventory risk if the product is returned by the client, sets the price of the product charged to the client, assumes credit risk for nonpayment by its customer, and works closely with clients to determine their hardware specifications.

Professional services – The Company provides professional services which include consulting, staging, deployment, installation, cabling, training, project management, and support. The arrangement is based on either a time and material basis or a fixed fee. For the time and materials service contracts, the Company recognizes revenues over time as those services are provided and consumed, as this is the best output measure of how the services are transferred to the customer. Fixed fee contracts are recognized over time in the period in which the services are performed or delivered using a proportional service model using the output method. All professional services are recognized on a gross basis in the period in which the services are performed or delivered.

Maintenance services – The Company sells certain Original Equipment Manufacturer ("OEM") hardware to its clients and also offers an internal maintenance agreement related to hardware. These contracts are for equipment repairs that are serviced by internal Macro employees and generally sold in one-year terms. The maintenance contracts are separate and distinct from the OEM hardware and revenue from these maintenance service contracts are recognized ratably over the maintenance service period.

The Company acts as the principal in the transaction as the primary obligor for fulfillment in the arrangement, it sets the price of the service charged to the customer, and assumes credit risk for the amounts invoiced. In addition, the Company manages service contracts and repairs for multiple products and suppliers. The Company leverages its knowledge base of mobility best practices by consolidating multiple suppliers' maintenance requirements under a single point of contact through the Company. The Company's internal support team assists its customers first by performing an initial technical triage to determine the source of the problem including, but not limited to, physical damage and whether they can be handled remotely by the client or returned for repair. Further, the Company receives the returned products, confirms that the equipment is operational or not, either repairs or refurbishes the equipment internally or returns it to the manufacturer directly to repair. The Company then obtains the product turn back from the manufacturer and either send it back out to a specific customer location or place in a customer's spare pool. As a result, the Company recognizes the revenue on a gross basis.

The following table summarizes net sales by revenue source for the year ended December 31, 2022 (in thousands):

Professional and maintenance services	$	19,228
Hardware		5,131
		24,359

Concentration of Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. All of the Company's cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per depositor. The Company has not experienced any such losses in these accounts.

In 2022, two customers each accounted for 20% of net sales. At December 31, 2022, these same two customers accounted for 26% and 23% of total accounts receivable.

For the year ended December 31, 2022, the Company had purchases from four suppliers that collectively represented 60% of total purchases and 83% of accounts payable at December 31, 2022. Loss of a significant vendor could have a material adverse effect on operations.

Income Taxes

Income taxes have not been provided as each LLC member is individually liable for the taxes, if any, on its share of the partnership's income and expenses. U.S. GAAP provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements and requires the evaluation of tax positions taken or expected to be taken in the course of preparing the financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority.

The Company files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. In general, the statute of limitations of the Company's U.S. federal tax returns remains open three years after a tax return is filed. The statutes of limitations on the Company's state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe that there are any uncertain tax positions that require recognition of a tax liability.

Accounting Standards Adopted in 2022

In February 2016, the FASB issued ASU 2016-02,*Leases* (Topic 842). This guidance requires an entity to recognize lease liabilities and a right-of-use asset for all leases on the balance sheet and to disclose key information about the entity's leasing arrangements. Effective January 1, 2022, the Company adopted the provisions of ASU 2016-02.

The Company adopted this standard using the modified retrospective transition method. Results for reporting periods beginning after January 1, 2022 are presented under ASC 842, while prior period amounts are not adjusted. This adoption had a material effect on the Company's balance sheet as a result of recording ROU assets and lease liabilities for existing operating leases on the balance sheets. The adoption did not have a material effect on the Company's statement of income or its statement of cash flows.

As permitted under ASC 842, the Company elected the package of practical expedients that permit it to not reassess (1) whether an existing contract is or contains a lease, (2) the classification of existing leases, and (3) whether previously capitalized costs continue to qualify as initial indirect costs. The Company also elected the practical expedient allowing it to use hindsight in determining the lease term and in assessing the likelihood a purchase option will be exercised.

The effect of adopting ASC 842 was as follows (in thousands):

	Balance as of December 31, 2021		**Adjustments Due to ASC 842**		**Balance as of January 1, 2022**	
Operating lease right-of-use assets	$	-	$	1,785	$	1,785
Operating lease obligation	$	-	$	1,864	$	1,864

Accounting Standards Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"This ASU will require the measurement of all expected credit losses for financial assets, including trade receivables, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which, among other things, defers the effective date of ASU 2016-13 for private companies to fiscal years beginning after December 15, 2022, including interim periods within those years. Although management continues to analyze the provisions of this ASU, currently, we believe the adoption of this ASU will not significantly impact the Company's consolidated results of operations and financial position.

There are no other accounting standards that have been issued but not yet adopted that we believe could have a material impact on our consolidated financial statements.

Note 3: Property and Equipment

Property and equipment consist of the following at December 31, 2022 (in thousands):

Equipment and vehicles	$ 1,205
Furniture and fixtures	216
Software and computer equipment	192
Leasehold improvements	143
Other equipment	25
Property and equipment, gross	1,781
Accumulated depreciation	(963)
Property and equipment, net	$ 818

Depreciation and amortization expense related to property and equipment for the year ended December 31, 2022 totaled $195,999.

Note 4: Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following at December 31, 2022 (in thousands):

Salaries and benefits	$ 342
Sales tax payable	203
Customer deposits	16
Total accrued expenses and other current liabilities	$ 561

Note 5: Revolving Line of Credit

On March 23, 2021, the Company entered into a secured Loan Agreement (the “Loan Agreement”) with PNC Bank, National Association (the “Bank”). The Loan Agreement provided for a revolving line of credit of up to $5.0 million with the Company’s obligations being secured by the Company’s accounts receivable and its property and equipment. Furthermore, the loan is guaranteed by the Company’s stockholders. On April 1, 2022, this Agreement was amended to decrease the line of credit to $3.5 million. Loans extended to the Company under the Amended Loan Agreement are scheduled to mature on April 22, 2023.

Interest and Fees

Amounts outstanding under this Loan Agreement bear interest at a rate per annum which is equal to the sum of the Daily BSBY Rate (Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and published by Bloomberg or another commercially available source) plus 2.35%. At December 31, 2023, the interest rate was 7.41%. Accrued interest will be due and payable on the same day of each month, beginning with the payment due on April 23, 2022. The outstanding principal balance and any accrued but unpaid interest shall be due and payable on the Expiration Date (April 22, 2023).

Covenants

Under the Loan Agreement, the Company is subject to a variety of negative covenants and prohibits the Company from, or otherwise imposes restrictions on the Company with respect to, among other things, liquidating, dissolving, entering into any consolidation, merger, division, partnership, or other combination, selling or leasing a majority of the Company’s assets or business or purchase or lease all or the greater part of the assets or business of another entity or person.

As of December 31, 2022, the Company was in compliance with all of its covenants, was eligible to borrow up to $3.5 million, and had outstanding borrowings of $734,844 under the line of credit.

On April 3, 2023, this debt was repaid in full in connection with the acquisition of the Company by DecisionPoint Systems, Inc. (“DecisionPoint”)(See Note 8).

Note 6: Term Debt

The following table sets forth the Company’ outstanding term debt as of December 31, 2022 (in thousands):

	Maturity Date	Interest Rate	Amount
Ally Bank Chevy Truck 1	July 10, 2023	6.74%	$ 4
Ally Bank Chevy Truck 2	September 28, 2023	6.79%	7
Ally Bank Ford Van 67131	October 18, 2023	5.04%	8
Ford Credit 2019 Transit Van #1	March 3, 2025	5.24%	15
Ford Credit 2019 Transit Van #2	June 3, 2025	4.79%	16
Ford Credit 2020 Transit Van	October 20, 2025	4.29%	20
Ford Credit 2020 Ford F150	October 29, 2025	4.29%	21
PNC Bank - Ford 2020 Transit #1	June 6, 2026	4.79%	43
PNC Bank - Ford 2020 Transit #2	October 13, 2026	5.51%	43
PNC Bank - Ford 2020 Transit #3	October 23, 2026	5.97%	41
Total term debt			218
Less: current portion			(77)
Long-term portion			$ 141

The above represent various auto loans between the Company and the various lenders as outlined above. Each agreement is subject to a five year repayment term with monthly payments ranging from $594 to $1,045.

The following table sets forth future principal payments for outstanding debt (in thousands):

2023	$	77
2024		61
2025		55
2026		25
Total minimum payments	$	218

All of these loans were repaid in full on April 3, 2023, in connection with the acquisition of the Company by DecisionPoint (see Note 8).

Note 7: Commitments and Contingencies

Operating Leases

At December 31, 2022, the Company has one operating lease for office and warehouse space in Greensboro, North Carolina with fixed minimum monthly payments of $34,413 per month which increase 3% annually. The lease expires on December 31, 2026.

The maturity of operating lease liabilities as of December 31, 2022 are as follows (in thousands):

2023	$	419
2024		453
2025		466
2026		480
Total minimum lease payments		1,818
Less: interest		(238)
Present value of operating lease liabilities	$	1,580

During the year ended December 31, 2022, cash paid for amounts included in the measurement of operating lease liabilities was $406,944.

Employee Benefit Plan

The Company has a 401(k)-retirement plan. Under the terms of the plan, eligible employees may defer up to 25% of their pre-tax earnings, subject to the Internal Revenue Service annual contribution limit. Additionally, the Company contributes 3% of the employee’s compensation into the plan. During the year ended December 31, 2022, the Company’s contributions to the 401(k) plan totaled $162,172.

Contingencies

From time to time, the Company is subject to disputes and litigation incidental to the conduct of its business. When applicable, the Company records accruals for contingencies when it is probable that a liability will be incurred, and the amount of loss can be reasonably estimated. While the outcome of lawsuits and other proceedings against the Company cannot be predicted with certainty, in management’s opinion, individually or in the aggregate, no such lawsuits are expected to have a material effect on the Company’s financial position or results of operations.

Note 8: Subsequent Events

Management evaluated subsequent events through the date these financial statements were available to be issued, noting no other items for disclosure, other than as discussed below.

Acquisition by DecisionPoint Systems, Inc.

On March 31, 2023, DecisionPoint Systems, Inc. (“DecisionPoint”) entered into a Stock Purchase Agreement (the “Purchase Agreement”) with the Durwood Wayne Williams Revocable Trust and the Collins Family Living Trust, as sellers (collectively, the “Sellers”) and with Durwood W. Williams and Bartley E. Collins, (the respective trustees of the Sellers), individually, (collectively and together with the Sellers, the “Seller Parties”), pursuant to which the DecisionPoint acquired all of the issued and outstanding shares of Macro Integration Services, Inc. (“Macro” or the Company) from the Sellers (the “Acquisition”), effective April 1, 2023 (the “Effective Date”). Upon consummation of the Acquisition, Macro, a project management and professional services and integrated solutions company, became a wholly-owned subsidiary of DecisionPoint.

Pursuant to the Purchase Agreement, the aggregate consideration paid by DecisionPoint on the Effective Date was $10.5 million in cash, subject to certain adjustments for indebtedness and net working capital (the “Cash Purchase Price”).

In addition, under the Purchase Agreement, upon the satisfaction of certain EBITDA thresholds attributable to Macro during each of the two years following the Effective Date (each twelve month period following the Effective Date, an “Earn-out Period”), DecisionPoint may be required to make certain earnout payments to Sellers in the amounts set forth on that certain earnout schedule for the first Earn-out Period and for the second Earn-out Period, payable within 75 days after the respective Earn-out Periods. Also, customer payments on specified accounts receivable actually received by DecisionPoint through September 30, 2024, are to be remitted to the Sellers on a quarterly basis.

The Sellers are also due certain payments from the Company if certain inventory is utilized by DecisionPoint before March 31, 2024.

Exhibit 99.2

MACRO INTEGRATION SYSTEMS, INC.

FINANCIAL STATEMENTS
AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2023

INDEX TO FINANCIAL STATEMENTS

Macro Integration Systems, Inc.
Balance Sheet
As of March 31, 2023
(in thousands, except par value)
(Unaudited)

ASSETS		
Current assets:		
Cash	$	923
Accounts receivable, net		10,124
Inventory		2,271
Prepaid expenses and other current assets		112
Total current assets		13,430
Operating lease asset		1,390
Property and equipment, net		1,058
Other		44
Total assets	$	15,922
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$	2,809
Accrued expenses and other current liabilities		695
Deferred revenue		1,144
Revolving line of credit		1,423
Current portion of long-term debt		88
Current portion of operating lease liabilities		334
Total current liabilities		6,493
Long-term debt, net of current portion		326
Noncurrent portion of operating lease liability		1,169
Total liabilities		7,988
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Common stock, $1.00 par value; 100 shares authorized; 7 shares issued and outstanding		7
Retained earnings		7,927
Total stockholders' equity		7,934
Total liabilities and stockholders' equity	$	15,922

These accompanying notes are an integral part of these financial statements.

Macro Integration Systems, Inc.
Statement of Income
For the Three Months Ended March 31, 2023
(in thousands)
(Unaudited)

Net sales:		
Service	$	7,843
Product		3,098
Net sales		10,941
Cost of sales:		
Service		4,801
Product		2,611
Cost of sales		7,402
Gross profit		3,529

Operating expenses:	
Sales and marketing expense	144
General and administrative expenses	1,762
Total operating expenses	1,906
Operating income	1,623
Interest expense	(22)
Net income	$ 1,601

These accompanying notes are an integral part of these financial statements.

Macro Integration Systems, Inc.
Statement of Stockholders' Equity
For the Three Months Ended March 31, 2023
(in thousands)
(Unaudited)

	Common Stock		Retained	Total Stockholders '
	Shares	**Amount**	**Earnings**	**Equity**
Balance at December 31, 2022	7	$ 7	$ 6,326	$ 6,333
Net income	-	-	1,601	1,601
Balance at December 31, 2023	7	$ 7	$ 7,927	$ 7,934

These accompanying notes are an integral part of these financial statements.

Macro Integrations Systems, Inc.
Statement of Cash Flows
For the Three Months Ended March 31, 2023
(in thousands)
(Unaudited)

Cash flows from operating activities	
Net income	$ 1,601
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	54
Amortization of right-of-use asset	82
Changes in operating assets and liabilities:	
Accounts receivable	(2,857)
Inventory	424
Prepaid expenses and other current assets	647
Accounts payable	309
Accrued expenses and other current liabilities	133
Operating lease liabilities	(76)
Deferred revenue	(19)
Net cash provided by operating activities	298
Cash flows from financing activities	
Line of credit, net	689
Payment under financing obligations	(99)
Net cash provided by financing activities	590
Change in cash	888
Cash, beginning of period	35
Cash, end of period	$ 923
Supplemental disclosures of cash flow information	
Cash paid for interest	$ 22
Non-cash investing and financing activities	
Property and equipment obtained in exchange for financing obligations	$ 294

These accompanying notes are an integral part of these financial statements.

Macro Integration Systems, Inc.
Notes to the Financial Statements
March 31, 2023
(Unaudited)

Note 1: Description of Business

Macro Integration Systems, Inc. ("Macro" or "the Company"), a company based in Greensboro, North Carolina, founded in 2002, is a solution provider of computer technology-base point of sale hardware products and associated professional services. Macro is a value-added reseller ("VAR") that buys point of sale mobile computing, scanning, printing, and wireless products from various manufacturers and distributors. Macro also provides professional services for project management, implementation, deployment, installations, upgrades, training, and support.

Note 2: Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of Macro Integration Systems, Inc. have been prepared on an accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Certain accounting policies involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. Management evaluates its estimates and assumptions on a regular basis.

Accounts Receivable

Accounts receivable are stated at net realizable value, and as such, earnings are charged with a provision for doubtful accounts based on management's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. Management determines an allowance based on historical write-off experience, expectations regarding future periods, and specific account information available. Accounts receivable are reflected in the accompanying balance sheet net of a valuation allowance of $262,345 as of March 31, 2023. When internal collection efforts on accounts have been exhausted, the accounts are written off by reducing the allowance for doubtful accounts and the related customer receivable.

Inventory

Inventory consists solely of finished goods and is stated at the lower of cost or net realizable value. Cost is determined under the first-in, first-out (FIFO) method. Management periodically reviews inventory and makes provisions as necessary for estimated obsolete and slow-moving goods. The creation of such provisions results in a reduction of inventory to net realizable value and a charge to cost of sales. There was no inventory valuation allowance as of March 31, 2023.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, generally from three to five years. Leasehold improvements are recorded at cost and amortized over the shorter of the lease term or the life of the improvements. Cost incurred for repairs and maintenance are expensed as incurred. Upon retirement or sale, the cost and related accumulated depreciation and amortization of disposed assets are removed from the accounts and any resulting gain or loss is included in non-operating income/ loss.

Long-lived Assets

Management evaluates its intangible and long-lived assets for impairment when events or circumstances arise that indicate long-lived assets may be impaired. Indicators of impairment include, but are not limited to, a significant deterioration in overall economic conditions, a decline in the market capitalization, the loss of significant business, or other significant adverse changes in industry or market conditions. Management completed the qualitative assessment for impairment and determined that there was no impairment during the three months ended March 31, 2023. There can be no assurance, however, that market conditions will not change or demand for our products will continue, which could result in an impairment of long-lived assets in the future.

Operating Leases

Management recognizes a right-of-use asset and lease liability for all of the long-term leases at the commencement date. Lease liabilities are measured based on the present value of the minimum lease payments discounted at the Company's incremental borrowing rate as of the date of commencement, which is determined based on information available at lease commencement and is equal to the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term in an amount equal to the lease payments in a similar economic environment. Right-of-use assets are measured based on the lease liability adjusted for any initial direct costs, prepaid rent, or lease incentives. Operating lease costs are included within general and administrative expenses on the statement of income.

At March 31, 2023, the Company has one operating lease for office and warehouse space in Greensboro, North Carolina with fixed minimum monthly payments of $34,413 per month which increase 3% annually. The lease expires on December 31, 2026. At March 31, 2023, the total operating lease liability was $1.5 million and the total operating lease assets was $1.4 million.

Fair Value Measurement

Fair value is the price that would be received from selling an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides a hierarchy for inputs used in measuring fair value that prioritize the use of observable inputs over the use of unobservable inputs, when such observable inputs are available. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.
- Level 3 - Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by management.

The carrying amounts of cash, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of these financial instruments.

Revenue Recognition

The Company determines revenue recognition through the following steps: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when, or as, a performance obligation is satisfied.

The Company combines contracts with the same customer into a single contract for accounting purposes when the contracts are entered into at or near the same time and the contracts are negotiated as a single commercial package, consideration in one contract depends on the other contract, or the services are considered a single performance obligation. If an arrangement involves multiple performance obligations, the items are analyzed to determine the separate units of accounting, whether the items have value on a standalone basis and whether there is objective and reliable evidence of their standalone selling price. The total contract transaction price is allocated to the identified performance obligations based upon the relative standalone selling prices of the performance obligations. The standalone selling price is based on an observable price for services sold to other comparable customers, when available, or an estimated selling price using a cost plus margin approach. Management estimates the amount of total contract consideration it expects to receive for variable arrangements by determining the most likely amount it expects to earn from the arrangement based on the expected quantities of services it expects to provide, and the contractual pricing based on those quantities. The Company only includes some or a portion of variable consideration in the transaction price when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is subsequently resolved. Management considers the sensitivity of the estimate, its relationship and experience with its clients and variable services being performed, the range of possible revenue amounts and the magnitude of the variable consideration to the overall arrangement.

As discussed in more detail below, revenue is recognized when a customer obtains control of promised goods or services under the terms of a contract and is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The Company does not have any material extended payment terms, as payment is due at or shortly after the time of the sale. Sales, value-added and other taxes collected concurrently with revenue producing activities are excluded from revenue.

The Company recognizes contract assets or unbilled receivables related to revenue recognized for services completed but not yet invoiced. Unbilled receivables are recorded when the Company has an unconditional right to contract consideration. A contract liability is recognized as deferred revenue when the Company invoices clients, or receives customer cash payments, in advance of performing the related services under the terms of a contract. Remaining performance obligations represent the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. Deferred revenue is recognized as revenue when the related performance obligation is satisfied.

As of March 31, 2023, the total aggregate transaction price allocated to the unsatisfied performance obligations was approximately $1.1 million which is expected to be recognized over the next 12 months.

The following tables summarizes the deferred revenue activity for the three months ending March 31, 2023 (in thousands):

Beginning balance at December 31, 2022	$	1,162
Additions		1,003
Revenue recognized		(1,021)
Ending balance at March 31, 2023	$	1,144

Hardware and consumable products – The Company recognizes product revenue at the point in time when a client takes control of the hardware, which typically occurs when title and risk of loss have passed to the client. The Company's selling terms and conditions reflect that F.O.B 'dock' contractual terms establish that control is transferred from the Company at the point in time when the product is shipped to the customer. The Company does not offer a warranty on its hardware and consumable products.

The Company leverages drop-ship shipments with many of its partners and suppliers to deliver hardware and consumable products to its clients without having to physically hold the inventory at its warehouses, thereby increasing efficiency and reducing costs. The Company recognizes revenue for drop-ship arrangements on a gross basis as the principal in the transaction when the product is received by the client because it controls the product prior to transfer to the client. The Company also assumes primary responsibility for the fulfillment in the arrangement, assumes inventory risk if the product is returned by the client, sets the price of the product charged to the client, assumes credit risk for nonpayment by its customer, and works closely with clients to determine their hardware specifications.

Professional services – The Company provides professional services which include consulting, staging, deployment, installation, cabling, training, project management, and support. The arrangement is based on either a time and material basis or a fixed fee. For the time and materials service contracts, the Company recognizes revenues over time as those services are provided and consumed, as this is the best output measure of how the services are transferred to the customer. Fixed fee contracts are recognized over time in the period in which the services are performed or delivered using a proportional service model using the output method. All professional services are recognized on a gross basis in the period in which the services are performed or delivered.

Maintenance services – The Company sells certain Original Equipment Manufacturer ("OEM") hardware to its clients and also offers an internal maintenance agreement related to hardware. These contracts are for equipment repairs that are serviced by internal Macro employees and generally sold in one-year terms. The maintenance contracts are separate and distinct from the OEM hardware and revenue from these maintenance service contracts are recognized ratably over the maintenance service period.

The Company acts as the principal in the transaction as the primary obligor for fulfillment in the arrangement, it sets the price of the service charged to the customer, and assumes credit risk for the amounts invoiced. In addition, the Company manages service contracts and repairs for multiple products and suppliers. The Company leverages its knowledge base of mobility best practices by consolidating multiple suppliers' maintenance requirements under a single point of contact through the Company. The Company's internal support team assists its customers first by performing an initial technical triage to determine the source of the problem including, but not limited to, physical damage and whether they can be handled remotely by the client or returned for repair. Further, the Company receives the returned products, confirms that the equipment is operational or not, either repairs or refurbishes the equipment internally or returns it to the manufacturer directly to repair. The Company then obtains the product turn back from the manufacturer and either send it back out to a specific customer location or place in a customer's spare pool. As a result, the Company recognizes the revenue on a gross basis.

The following table summarizes net sales by revenue source for the three months ended March 31 (in thousands):

Professional maintenance services	$	7,843
Hardware		3,098
		10,941

Concentration of Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and accounts receivable. All of the Company's cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per depositor. The Company has not experienced any such losses in these accounts.

For the three months ended March 31, 2023, three customers each accounted for 32%, 23%, and 10% of net sales. At March 31, 2023, two of these customers accounted for 37% and 29% of total accounts receivable, respectively.

For the three months ended March 31, 2023, the Company had purchases from two suppliers that collectively represented 45% of total purchases. At March 31, 2023, three suppliers accounted for 68% of accounts payable. Loss of a significant vendor could have a material adverse effect on operations.

Income Taxes

Income taxes have not been provided as each LLC member is individually liable for the taxes, if any, on its share of the partnership's income and expenses. U.S. GAAP provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements and requires the evaluation of tax positions taken or expected to be taken in the course of preparing the financial statements to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority.

The Company files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. In general, the statute of limitations of the Company's U.S. federal tax returns remains open three years after a tax return is filed. The statutes of limitations on the Company's state and local tax returns may remain open for an additional year depending upon the jurisdiction. Management does not believe that there are any uncertain tax positions that require recognition of a tax liability.

Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02,*Leases* (Topic 842). This guidance requires an entity to recognize lease liabilities and a right-of-use asset for all leases on the balance sheet and to disclose key information about the entity's leasing arrangements. Effective January 1, 2022, the Company adopted the provisions of ASU 2016-02. The Company adopted this standard using the modified retrospective transition method. Results for reporting periods beginning after January 1, 2022 are presented under ASC 842, while prior period amounts are not adjusted. This adoption had a material effect on the Company's balance sheets as a result of recording ROU assets and lease liabilities for existing operating leases on the balance sheets. The adoption did not have a material effect on the Company's statement of operations or its statement of cash flows.

In September 2016, the FASB issued ASU 2016-13,*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This ASU requires the measurement of all expected credit losses for financial assets, including trade receivables, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which, among other things, deferred the effective date of ASU 2016-13 for private companies to fiscal years beginning after December 15, 2022, including interim periods within those years. The Company adopted this accounting update in the first quarter of 2023 on a prospective basis. The adoption of this ASU did not have a material impact on the Company's condensed consolidated financial statements.

Accounting Standards Not Yet Adopted

There are no accounting standards that have been issued but not yet adopted that management believes could have a material impact on the financial statements.

Note 3: Property and Equipment

Property and equipment consist of the following at March 31, 2023 (in thousands):

Equipment and vehicles	$	1,498
Furniture and fixtures		217
Software and computer equipment		192
Leasehold improvements		143
Other equipment		25
Property and equipment, gross		2,075
Accumulated depreciation		(1,017)
Property and equipment, net	$	1,058

Depreciation and amortization expense related to property and equipment for the three months ended March 31, 2023, totaled $54,000.

Note 4: Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following at March 31, 2023 (in thousands):

Salaries and benefits	$	576
Sales tax payable		110
Customer deposits		9
Total accrued expenses and other current liabilities	$	695

Note 3: Revolving Line of Credit

On March 23, 2021, the Company entered into a secured Loan Agreement (the "Loan Agreement") with PNC Bank, National Association (the "Bank"). The Loan Agreement provided for a revolving line of credit of up to $5.0 million with the Company's obligations being secured by the Company's accounts receivable and its property and equipment. Furthermore, the loan is guaranteed by the Company's stockholders. On April 1, 2022, this Agreement was amended to decrease the line of credit to $3.5 million. Loans extended to the Company under the Amended Loan Agreement are scheduled to mature on April 22, 2023.

Interest and Fees

Amounts outstanding under this Loan Agreement bear interest at a rate per annum which is equal to the sum of the Daily BSBY Rate (Bloomberg Short-Term Bank Yield Index rate administered by Bloomberg and published by Bloomberg or another commercially available source) plus 2.35%. As of March 31, 2023, the interest rate was 7.56%. Accrued interest will be due and payable on the same day of each month, beginning with the payment due on April 23, 2022. The outstanding principal balance and any accrued but unpaid interest shall be due and payable on the Expiration Date (April 22, 2023).

Covenants

Under the Loan Agreement, the Company is subject to a variety of negative covenants and prohibits the Company from, or otherwise imposes restrictions on the Company with respect to, among other things, liquidating, dissolving, entering into any consolidation, merger, division, partnership, or other combination, selling or leasing a majority of the Company's assets or business or purchase or lease all or the greater part of the assets or business of another entity or person.

As of March 31, 2023, the Company was in compliance with all of its covenants, was eligible to borrow up to $3.5 million, and had outstanding borrowings of $1.4 million under the line of credit.

On April 3, 2023, this debt was repaid in full in connection with the acquisition of the Company by DecisionPoint Systems, Inc. ("DecisionPoint")(See Note 6).

Note 4: Term Debt

The following table sets forth the Company's outstanding term debt as of March 31, 2023 (in thousands):

	Maturity Date	Interest Rate		Amount
PNC Bank - Ford 2020 Transit #1	June 6, 2026	4.79%	$	40
PNC Bank - Ford 2020 Transit #2	October 13, 2026	5.51%		40
PNC Bank - Ford 2020 Transit #3	October 23, 2026	5.97%		39
PNC Bank - Ford 2023 Transit #1	January 25, 2027	6.03%		50
PNC Bank - Ford 2023 Transit #2	January 25, 2027	6.03%		52
PNC Bank - Ford 2021 Transit (4)	March 3, 2027	6.71%		193
Total term debt				414
Less: current portion				(88)
Long-term portion			$	326

The above represents various auto loans between the Company and PNC Bank as outlined above. Each agreement is subject to either a five or four year repayment term with monthly payments ranging from $594 to $4,521.

All of these loans were repaid in full on April 3, 2023, in connection with the acquisition of the Company by DecisionPoint (see Note 6).

Note 5: Commitments and Contingencies

From time to time, the Company is subject to disputes and litigation incidental to the conduct of its business. When applicable, the Company records accruals for contingencies when it is probable that a liability will be incurred, and the amount of loss can be reasonably estimated. While the outcome of lawsuits and other proceedings against us cannot be predicted with certainty, in management's opinion, individually or in the aggregate, no such lawsuits are expected to have a material effect on the Company's financial position or results of operations.

Note 6: Subsequent Event

Management evaluated subsequent events through the date these financial statements were available to be issued, noting no other items for disclosure, other than as discussed below.

Acquisition by DecisionPoint Systems, Inc.

On March 31, 2023, DecisionPoint Systems, Inc. ("DecisionPoint") entered into a Stock Purchase Agreement (the "Purchase Agreement") with the Durwood Wayne Williams Revocable Trust and the Collins Family Living Trust, as sellers (collectively, the "Sellers") and with Durwood W. Williams and Bartley E. Collins, (the respective trustees of the Sellers), individually, (collectively and together with the Sellers, the “Seller Parties”), pursuant to which the DecisionPoint acquired all of the issued and outstanding shares of Macro Integration Services, Inc. (“Macro” or the Company) from the Sellers (the “Acquisition”), effective April 1, 2023 (the “Effective Date”). Upon consummation of the Acquisition, Macro, a project management and professional services and integrated solutions company, became a wholly-owned subsidiary of DecisionPoint.

Pursuant to the Purchase Agreement, the aggregate consideration paid by DecisionPoint on the Effective Date was $10.5 million in cash, subject to certain adjustments for indebtedness and net working capital (the “Cash Purchase Price”).

In addition, under the Purchase Agreement, upon the satisfaction of certain EBITDA thresholds attributable to Macro during each of the two years following the Effective Date (each twelve month period following the Effective Date, an “Earn-out Period”), DecisionPoint may be required to make certain earnout payments to Sellers in the amounts set forth on that certain earnout schedule for the first Earn-out Period and for the second Earn-out Period, payable within 75 days after the respective Earn-out Periods. Also, customer payments on specified accounts receivable actually received by DecisionPoint through September 30, 2024, are to be remitted to the Sellers on a quarterly basis.

The Sellers are also due certain payments from the Company if certain inventory is utilized by DecisionPoint before March 31, 2024.

DECISIONPOINT SYSTEMS, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Acquisition of Macro Integration Services, Inc.

On March 31, 2023, DecisionPoint Systems, Inc. (the "Company") entered into a Stock Purchase Agreement (the "Purchase Agreement") with the Durwood Wayne Williams Revocable Trust and the Collins Family Living Trust, as sellers (collectively, the "Sellers") and with Durwood W. Williams and Bartley E. Collins (the respective trustees of the Sellers), individually, (collectively and together with the Sellers, the "Seller Parties"), pursuant to which the Company acquired all of the issued and outstanding equity of Macro Integration Services, Inc. ("Macro") from the Sellers (the "Acquisition"), effective April 1, 2023 (the "Effective Date"). Upon consummation of the Acquisition, Macro, a project management and professional services and integrated solutions company, became a wholly-owned subsidiary of the Company.

Pursuant to the Purchase Agreement, the aggregate consideration paid by the Company on the Effective Date was $10.5 million in cash, subject to certain adjustments for indebtedness and net working capital (the "Cash Purchase Price"). The Cash Purchase Price was funded by the Company using a combination of cash on hand from the Company's existing revolving line of credit with MUFG Union Bank and a separate term loan extended to the Company by MUFG Union Bank on or about March 27, 2023.

In addition, under the Purchase Agreement, upon the satisfaction of certain EBITDA thresholds attributable to Macro during each of the two years following the Effective Date (each twelve month period following the Effective Date, an "Earn-out Period"), the Company may be required to make certain earnout payments to Sellers in the amounts set forth on that certain earnout schedule for the first Earn-out Period and for the second Earn-out Period, payable within 75 days after the respective Earn-out Periods. Also, customer payments on specified accounts receivable actually received by the Company through September 30, 2024, are to be remitted to the Sellers on a quarterly basis.

The Sellers are also due certain payments from the Company if certain inventory is utilized by the Company before March 31, 2024.

Unaudited Pro Forma Condensed Consolidated Financial Statements

The following unaudited pro forma condensed consolidated financial statements are derived from the historical consolidated financial statements of the Company and Macro, and have been adjusted to reflect the Acquisition. The Acquisition was accounted for using the acquisition method of accounting with the Company identified as the acquirer. Under the acquisition method of accounting, The Company recorded assets acquired and liabilities assumed at their respective acquisition date fair values on the acquisition date. Certain of Macro's historical amounts have been reclassified to conform to DecisionPoint's financial statement presentation. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2023 gives effect to the Acquisition as if it had been completed on March 31, 2023. The unaudited pro forma condensed consolidated statements of income for the year ended December 31, 2022 and the three months ended March 31, 2023 give effect to the Acquisition and as if it had been completed on January 1, 2022.

The unaudited pro forma condensed consolidated financial information does not purport to be indicative of our results of operations or financial position had the Acquisition occurred on the dates assumed and does not project our results of operations or financial position for any future period or date.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed consolidated financial statements. In addition, the unaudited pro forma condensed consolidated financial information was based on and should be read in conjunction with the following historical financial statements and accompanying notes:

- Audited consolidated financial statements of the Company as of and for the year ended December 31, 2022, and the related notes included in the Company's Form 10-K; and

- Unaudited consolidated financial statements of the Company as of and for the three months ended March 31, 2023, and the related notes included in the Company's Form 10-Q.

Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed consolidated financial statements. In management's opinion, all adjustments that are necessary to present fairly the pro forma information have been made. These adjustments are directly attributable to the Acquisition, factually supportable and, with respect to the unaudited pro forma condensed consolidated statements of operations, expected to have a continuing impact on the consolidated results of DecisionPoint and Macro following the Acquisition.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2023
(in thousands)

	DecisionPoint Systems, Inc.	Macro Integration Services, Inc.	Pro Forma Adjustments		DecisionPoint Systems, Inc. Pro Forma
ASSETS					
Current assets:					
Cash and cash equivalents	$ 17,975	$ 923	$ (13,717)	(a)	$ 5,181
Accounts receivable, net	26,430	10,124	-		36,554
Inventory, net	5,923	2,271	-		8,194
Deferred costs	2,718	-	-		2,718
Prepaid expenses and other current assets	471	112	-		583
Total current assets	53,517	13,430	(13,717)		53,230
Operating lease right-of-use assets	2,576	1,390	-		3,966
Property and equipment, net	1,838	1,058	-		2,896
Deferred costs, net of current portion	3,092	-	-		3,092
Deferred tax assets	838	-	-		838
Intangible assets, net	4,122	-	5,650	(b)	9,772
Goodwill	10,499	-	12,109	(c)	22,608
Other assets, net	45	44	-		89
Total assets	$ 76,527	$ 15,922	$ 4,042		$ 96,491
LIABILITIES AND STOCKHOLDERS' EQUITY					

Current liabilities:										
Accounts payable	$	23,262	$	2,809	$	-		$	26,071
Accrued expenses and other current liabilities		3,612		695					4,307
Deferred revenue		12,159		1,144		-			13,303
Revolving line of credit		-		1,423		(1,423)	(d)		-
Current portion of debt		1,003		88		(88)	(d)		1,003
Current portion of operating lease liabilities		525		334		-			859
Total current liabilities		40,561		6,493		(1,511)			45,543
Deferred revenue, net of current portion		4,587		-		-			4,587
Long-term debt, net of current portion		11,142		326		(326)	(d)		11,142
Noncurrent portion of operating lease liabilities		2,581		1,169		-			3,750
Other liabilities		6		-		13,813	(e)		13,819
Total liabilities		58,877		7,988		11,976			78,841
Commitments and contingencies									
Stockholders' equity:									
Preferred stock		-		-		-			-
Common stock		7		7		-			7
Additional paid-in capital		38,631		-		-			38,631
(Accumulated deficit)/retained earnings		(20,988)		7,927		(7,927)	(f)		(20,988)
Total stockholders' equity		17,650		7,934		(7,927)			17,650
Total liabilities and stockholders' equity	$	76,527	$	15,922	$	4,042		$	96,491

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

.UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(in thousands, except per share data)

		DecisionPoint Systems, Inc.		Macro Integration Services, Inc.		Pro Forma Adjustments			DecisionPoint Systems, Inc. Pro Forma
Net sales:									
Product	$	22,166	$	3,098	$	-		$	25,264
Service		4,873		7,843		-			12,716
Net sales		27,039		10,941		-			37,980
Cost of sales:									
Product		17,885		2,611		-			20,496
Service		3,104		4,801		-			7,905
Cost of sales		20,989		7,412		-			28,401
Gross profit		6,050		3,529		-			9,579
Operating expenses:									
Sales and marketing expenses		2,368		144		-			2,512
General and administrative expenses		2,494		1,762		268			(b) 4,524
Total operating expenses		4,862		1,906		268			7,036
Operating income		1,188		1,623		(268)			2,543
Interest expense		13		22		(22)	(h)		13
Income before income taxes		1,175		1,601		(246)			2,530
Income tax expense		309		-		392	(g)		701
Net income	$	866	$	1,601	$	(637)		$	1,830
Earnings per share:									
Basic	$	0.12						$	0.25
Diluted	$	0.11						$	0.23
Weighted average common shares outstanding									
Basic		7,417							7,417
Diluted		7,789							7,789

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands, except per share data)

		DecisionPoint Systems, Inc.		Macro Integration Services, Inc.		Pro Forma Adjustments		DecisionPoint Systems, Inc. Pro Forma
Net sales:								
Product	$	79,079	$	5,131	$	-	$	84,210
Service		18,336		19,228		-		37,564
Net sales		97,415		24,359		-		121,774

Cost of sales:					
Product	62,214	4,096	-		66,310
Service	12,106	12,044	-		24,150
Cost of sales	74,320	16,140	-		90,460
Gross profit	23,095	8,219	-		31,314
Operating expenses:					
Sales and marketing expenses	9,218	1,282	-		10,500
General and administrative expenses	9,430	6,176	1,070	(b)	16,676
Total operating expenses	18,648	7,458	1,070		27,176
Operating income	4,447	761	(1,070)		4,138
Interest expense	56	35	(35)	(h)	56
Other expense (income)	15	(27)	-		(12)
Income before income taxes	4,376	753	(1,035)		4,094
Income tax expense (benefit)	1,265	-	(81)	(g)	1,184
Net income	$ 3,111	$ 753	$ (954)		$ 2,910
Earnings per share:					
Basic	$ 0.43				$ 0.40
Diluted	$ 0.41				$ 0.38
Weighted average common shares outstanding					
Basic	7,261				7,261
Diluted	7,562				7,562

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Presentation

The unaudited pro forma condensed consolidated financial statements are based on DecisionPoint's and Macro's historical consolidated financial statements as adjusted to give effect to the Acquisition. The unaudited pro forma consolidated statements of income for the three months ended March 31, 2023 and the year ended December 31, 2022 give effect to the acquisition as if it had occurred on January 1, 2022. The unaudited pro forma consolidated balance sheet as of March 31, 2023 gives effect to the Acquisition as if it had occurred on March 31, 2023.

Note 2: Preliminary Purchase Price Allocation

The Acquisition was accounted for using the acquisition method of accounting using the accounting guidance in Accounting Standards Codification 805,*Business Combinations.*

Total consideration for the Acquisition has been recorded as $27,529,000 and is comprised of the following:

Purchase price	$ 10,500,000
Working capital excess	5,898,950
Subtotal	16,398,950
Earnout	11,100,000
Other	30,050
	$ 27,529,000

Earnout payments are subject to the financial performance of Marco in each of the two years following closing. The Company may pay the sellers a total of up to an additional $11,100,000 in earnout payments. The earnout is based on achieving EBITDA targets in years one and two of $3,300,000 and $3,800,000, respectively.

The cash due at closing was $13,717,099 which reflects the following:

Purchase price	$ 10,500,000
Working capital excess	5,898,950
Less: bank indebtedness	(1,836,851)
Seller party expenses	(845,000)
	$ 13,717,099

Actual proceeds paid was $11,005,003 which reflects cash due at close less holdbacks for cash, accounts receivable, and inventory.

Also, customer payments on specified accounts receivable actually received by the Company through September 30, 2024, are to be remitted to the Sellers on a quarterly basis. The Sellers are also due certain payments from the Company if certain inventory is utilized by the Company before March 31, 2024.

The preliminary purchase price allocation is subject to change due to changes in the estimated fair value of Macro's assets acquired and liabilities assumed as of the date of the transaction, resulting from the finalization of the Company's detailed valuation analysis.

The preliminary purchase price allocation of Macro as of April 1, 2023 is as follows (in thousands):

Preliminary Purchase Price Allocation	
Cash and cash equivalents	$ 923
Accounts receivable, net	10,124
Inventory, net	2,271
Prepaid expenses and other current assets	111
Operating lease assets	1,390
Property and equipment, net	1,058
Intangible assets	5,650

Other assets, net	44
Accounts payable	(2,809)
Accrued expenses and other current liabilities	(695)
Operating lease liability	(1,503)
Deferred revenue	(1,144)
Identifiable net assets acquired	15,420
Goodwill	12,109
Total consideration	$ 27,529

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 3: Pro Forma Adjustments

The following adjustments have been made to the accompanying unaudited pro forma condensed consolidated financial statements:

(a) Reflects the cash consideration for the acquisition.

(b) Reflects the estimated fair value for the identifiable assets which represents customer relationships and trademarks which are amortized over an average estimated expected life of 7 and 3 years, respectively.

(c) Reflects the preliminary estimate of goodwill, which represents the excess of the purchase price over the estimated fair value of Macro’s identifiable assets and liabilities assumed in Note 2.

(d) Reflects the Macro debt payoff in connection with the acquisition.

(e) Reflects the estimated contingent earn out consideration as described in Note 2 and seller holdback.

(f) Reflects the elimination of stockholders’ equity.

(g) Reflects estimated income tax expense based on the Company’s annual effective rate of 28.9% for the year ended December 31, 2022.

(h) Reflects the elimination of interest expense associated with the debt that was repaid in connection with the acquisition.