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

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: **December 31, 2016**

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: **000-50302**

SILVERSUN TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

16-1633636
(I.R.S. Employer
Identification No.)

120 Eagle Rock Ave
East Hanover, NJ 07936
(Address of principal executive offices)

(973) 396-1720
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act: **Common Stock, par value \$0.00001 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2016 based on a closing price of \$1.70 was \$2,102,553. As of March 23, 2017, the registrant had 4,489,903 shares of its common stock, par value \$0.00001 per share, outstanding.

Documents Incorporated By Reference: **None**.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Included in this Annual Report on Form 10-K are “forward-looking” statements, as well as historical information. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the expectations reflected in these forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in forward-looking statements as a result of certain factors, including matters described in the section titled “Risk Factors.” Forward-looking statements include those that use forward-looking terminology, such as the words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “project,” “plan,” “will,” “shall,” “should,” and similar expressions, including when used in the negative. Although we believe that the expectations reflected in these forward-looking statements are reasonable and achievable, these statements involve risks and uncertainties and we cannot assure you that actual results will be consistent with these forward-looking statements. We undertake no obligation to update or revise these forward-looking statements, whether to reflect events or circumstances after the date initially filed or published, to reflect the occurrence of unanticipated events or otherwise.

PART I

Item 1. Business Overview

We are a business application, technology and consulting company providing strategies and solutions to meet our clients' information, technology and business management needs. Our services and technologies enable customers to manage, protect and monetize their enterprise assets whether on-premise or in the "Cloud". As a value added reseller of business application software, we offer solutions for accounting and business management, financial reporting, Enterprise Resource Planning ("ERP"), Warehouse Management Systems ("WMS"), Customer Relationship Management ("CRM"), and Business Intelligence ("BI"). Additionally, we have our own development staff building software solutions for Electronic Data Interchange ("EDI"), time and billing, and various ERP enhancements. Our value-added services focus on consulting and professional services, specialized programming, training, and technical support. We have a dedicated network services practice that provides managed services, hosting, business continuity, cloud, email and web services. Our customers are nationwide, with concentrations in the New York/New Jersey metropolitan area, Chicago, Dallas, Arizona, Southern California, North Carolina and Washington.

Our core business is divided into the following practice areas:

ERP (Enterprise Resource Management) and Accounting Software

We are a value-added reseller for a number of industry-leading ERP applications. We are a Sage Software Authorized Business Partner and Sage Certified Gold Development Partner. We believe we are among the largest Sage ERP X3 partners in North America, with a sales and implementation presence complemented by a scalable software development practice for customizations and enhancements. Due to the growing demand for true cloud-based ERP solutions, we have added two (2) industry leading applications to our ERP portfolio: (1) NetSuite ERP, among the world's leading cloud ERP solutions; and (2) Acumatica, a browser-based ERP solution that can be offered on premise, in the public cloud, or in a private cloud. We develop and resell a variety of add-on solutions to all our ERP and accounting packages that help customize the installation to our customers' needs and streamline their operations.

Value-Added Services for ERP

We go beyond simply reselling software packages; we have a consulting and professional services organization that manages the process as we move from the sales stage into implementation, go live, and production. We work inside our customers' organizations to ensure all software and Information Technology ("IT") solutions are enhancing their business needs. A significant portion of our services revenue comes from continuing to work with existing customers as their business needs change, upgrading from one version of software to another, or providing additional software solutions to help them grow their revenue. We have a dedicated help desk team that fields hundreds of calls every week. Our custom programming department builds specialized software packages as well as "off the shelf" enhancements and time and billing software.

EDI (Electronic Data Interchange) Software and Services

EDI is the computer to computer exchange of standard business documents, such as purchase orders and invoices, in electronic format. A standard file format is established for each kind of document in order to facilitate the exchange of data across a variety of platforms and programs. We have a proprietary software solution, MAPADOC, which is fully integrated with the Sage ERPs. MAPADOC allows businesses to dramatically cut data entry time by eliminating duplicate entries and reduces costly errors with trading partners. MAPADOC is the only EDI solution that is built within the framework of the Sage ERPs, allowing customers to stay within one application to get their job done.

Network and Managed Services

We provide comprehensive network and managed services designed to eliminate the IT concerns of our customers. Businesses can focus on their core strengths rather than technology issues. We adapt our solutions for virtually any type of business, from large national and international product and service providers, to small businesses with local customers. Our business continuity services provide automatic on and off site backups, complete encryption, and automatic failure testing. We also provide email and web security, IT consulting, managed network, and emergency IT services. Our focus in the network and managed services practice is to focus on industry verticals in order to demonstrate our ability to better understand our customers' needs.

Industry Overview

As a value added reseller of business application software, we offer solutions for accounting and business management, financial reporting, managed services, ERP, WMS, CRM, and BI. Additionally, we have our own development staff building software solutions for EDI, time and billing, and various ERP enhancements. Our value-added services focus on consulting and professional services, specialized programming, training, and technical support. The majority of our customers are small and medium businesses (“SMBs”).

Potential Competitive Strengths

- **Independent Software Vendor.** As an independent software vendor we have published integrations between ERPs and third party products which differentiates us from other business application providers because, as a value-added reseller of the ERPs that our proprietary products integrate with, we have specific software solution expertise in the ERPs we resell, which affords us the opportunity to ensure that our proprietary products tightly integrate with the ERPs. We own the intellectual property related to these integrations, and sell the solutions both directly and through other software resellers within the Sage network.
- **Sage Certified Gold Development Partner.** As a Sage Certified Gold Development Partner, we are licensed to customize the source code of the Sage ERPs. Very few resellers are master developers, and in fact, we provide custom programming services for many other resellers. We have full-time programmers on staff, which provides us with a depth and breadth of expertise that we believe very few competitors can match.
- **Experienced Leadership.** We have a senior management team which in the aggregate has greater than 60 years of experience across a broad range of disciplines.
- **Ability to Recruit, Manage and Retain Quality Personnel.** We have a track record of recruiting, managing and retaining skilled labor and our ability to do so represents an important advantage in an industry in which a shortage of skilled labor is often a key limitation for both clients and competitors alike. We recruit skilled labor from competitors and from amongst end users with experience using the various products we sell, whom we then train as consultants. We believe our ability to hire, manage and maintain skilled labor gives an edge over our competitors as we continue to grow.
- **Combination of Hardware/Software Expertise.** Many competitors have software solution expertise. Others have network/hardware expertise. We believe we are among the very few organizations with an expertise in both software and hardware, affording us the opportunity to provide turnkey solutions for our customers without the need to bring in additional vendors on a project.
- **Technical Expertise.** Our geographical reach and substantial technical capabilities afford our clients the ability to customize and tailor solutions to satisfy all of their business needs.

Our Growth Strategy

General

Our strategy is to grow our business through a combination of intra-company growth of our software applications, technology solutions and managed services, as well as expansion through acquisitions, both within our existing geographic reach and through geographic expansion. We have established a national presence via our internal marketing, sales programs, and acquisitions and now have ERP customers and MAPADOC customers throughout most of the United States.

Intra-Company Growth

Our intra-company growth strategy is to increase our market penetration and client retention through the upgrade of, and expanded sales efforts with, our existing products and managed services and development of new and enhanced software and technology solutions. Our client retention is sustained by our providing responsive, ongoing software and technical support and monitoring and maintenance services for both the solutions we sell and other client technology needs we provide.

Repeat business from our existing customer base has been key to our success and we expect it will continue to play a vital role in our growth. We focus on nurturing long-standing relationships with existing customers while also establishing relationships with new customers.

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Acquisitions

The markets in which we provide our services are occupied by a large number of competitors, many substantially larger than us, and with significantly greater resources and geographic reach. We believe that to remain competitive, we need to take advantage of acquisition opportunities that arise which may help us achieve greater geographic presence and economies both within our existing footprint and expanded territories. As such, we have completed ten (10) acquisitions and/or collaborative agreements in the past sixty (60) months. We may also utilize acquisitions, whenever appropriate, to expand our technological capabilities and product offerings. We focus on acquisitions that are profitable and fit seamlessly with our existing operations.

We believe our markets contain a number of attractive acquisition candidates. We foresee expanding through acquisitions of one or more of the following types of software and technology organizations:

- Managed Service Providers (“MSPs”). MSPs provide their small and medium-sized business clients with a suite of services, which may include 24/7/365 remote monitoring of networks, disaster recovery, business continuity, data back-up, cyber-security and the like. There are hundreds of providers of such services in the U.S., most with annual recurring revenue of less than \$10 million. We believe that we may be able to consolidate a number of these MSPs with our existing operation in an effort to become one of the more significant providers of these services in the U.S.
- Independent Software Vendors (“ISVs”). ISVs are publishers of both stand-alone software solutions and integrations that integrate with other third party products. Our interest lies with ISVs selling into the small and medium-sized business marketplace, providing applications addressing e-commerce, mobility, security, and other functionalities. Since we have expertise in both selling directly to end-users and selling through a sales channel, we believe we can significantly enhance the sales volume of any potential acquisition via our existing infrastructure, our sales channel, and our internal marketing programs. There are many ISVs in North America, constituting a large and significant target base for our acquisition efforts.
- Value-Added Resellers (“VARs”) of ERP, Warehouse Management Systems (“WMS”), CRM and BI Software. Of the hundreds of VARs in the Sage Software sales channel, we believe we are one of the top based on our 2016 revenue. VARs gross margins are a function of the sales volume they provide a publisher in a twelve (12) month period, and we are currently operating at the highest margins. Smaller resellers, who sell less and operate at significantly lower margins, are at a competitive disadvantage to companies such as ours, and are often amenable to creating a liquidity event for themselves by selling to larger organizations. This dynamic has enabled us to complete ten (10) acquisitions and/or collaborative agreements in the past sixty (60) months. We have benefitted from completing such acquisitions in a number of ways, including but not limited to: (i) garnering new customers to whom we can upsell and cross-sell our broad range of products and services; (ii) gaining technical resources that enhance our capabilities; and (iii) extending our geographic reach.

Our business strategy provides that we will examine the potential acquisition of businesses within our industry. In determining a suitable acquisition candidate, we will carefully analyze a target’s potential to add to and complement our product mix, expand our existing revenue base, improve our margins, expand our geographic coverage, strengthen our management team, add technical resources and expertise, and, above all, improve stockholder returns. More specifically, we have identified the criteria listed below, by which we evaluate potential acquisition targets in an effort to gain the synergies necessary for successful growth of the Company:

- Access to new customers and geographic markets;
- Recurring revenue of the target;
- Opportunity to gain operating leverage and increased profit margins;
- Diversification of sales by customer and/or product;
- Improvements in product/service offerings; and
- Ability to attract public capital and increased investor interest.

We are unable to predict the nature, size or timing of any acquisition. We can give no assurance that we will reach agreement or procure the financial resources necessary to fund any acquisition, or that we will be able to successfully integrate or improve returns as a result of any such acquisition.

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We continue to seek out and hold preliminary discussions with various acquisition candidates. However, currently we have not entered into any agreements or understandings for any acquisitions that management deems material.

Electronic Data Interchange Software Strategy

Our strategy for our proprietary EDI software, including specifically “MAPADOC” is to continue to achieve market penetration with new customers within our existing and expanding footprint and increase sales of new modules and enhanced functionality to our existing customer base. To remain competitive, we must periodically upgrade our software to the platform most commonly requested by the market. We must also continue our focus on enhancing applications through the addition of new functionality. Towards that end, we are exploring the development of a cloud offering or Software-as-a-Service model for MAPADOC.

Enterprise Resource Planning Software Strategy

Our ERP software strategy is focused on serving the needs of our expansive installed base of customers for our Sage 100 ERP, Sage 500 ERP, and Sage BusinessWorks practices, while rapidly growing the number of customers using Sage ERP X3, NetSuite, and Acumatica. We currently have approximately 2,600 active ERP customers using one of these six solutions, including customers using certain add-on support products to these solutions. In the past we, have focused primarily on on-premise mid-market Sage Software solutions but in the past three years have shifted our focus to the more enterprise-level Sage ERP X3 offering, as well as diversifying into cloud ERP solutions. This has allowed us to increase our average deal size significantly and also keep pace with the changing trends that we see in the industry.

Managed Services Strategy

The Managed Services market is broadly segmented by types of services as such, for example managed data-center, managed network, managed mobility, managed infrastructure, managed communications, managed information, managed security and other managed services. In addition, the market is segmented by market verticals, such as public sector, banking, financial services and insurance, education, retail, contact centers and service industries, high tech and telecommunications, healthcare and pharmaceuticals, travel and logistics, manufacturing, energy and utilities among others.

The recent trend in the industry shows that there is a high demand for managed services across every industry vertical. The implementation of managed services reduces IT costs by 30% to 40% in such enterprises. This enables organizations to have flexibility and technical advantage. Enterprises having their services outsourced look forward to risk sharing and to reduce their IT costs and IT commitments, so that they are able to concentrate on their core competencies. Organizations implementing managed services have reported almost a 50% to 60% increase in the operational efficiency of their outsourced processes. Enterprises have accepted outsourcing services as a means to enable them to reduce their capital expenditure (CapEx) and free up internal sources. Newer managed services that penetrate almost all the industry domains, along with aggressive pricing in services, are being offered. This results in an increase in the overall revenues of the managed services market. It is observed that there is an increase in outsourcing of wireless, communications, mobility and other value-added services, such as content and e-commerce facilities. With increasing technological advancements and the cost challenges associated with having the IT services in-house, we believe the future seems optimistic for managed services providers.

Our strategy is to continue to expand our product offerings to the small and medium sized business marketplace, and to increase our scale and capabilities via acquisition throughout the United States, but initially in those regions where we currently have existing offices.

Geographic Expansion

Generally, our technology offerings require on-premise implementation and support. When we expand into new geographic territories, we prefer to find qualified personnel in an area to augment our current staff of consultants to service our business. The need for hands-on implementation and support may also require investment in additional physical offices and other overhead. We believe our approach is conservative.

We may accelerate expansion if we find complementary businesses that we are able to acquire in other regions. Our marketing efforts to expand into new territories have included attendance at trade shows in addition to personal contact.

Our Products and Services

Enterprise Resource Planning Software

Substantially all of our initial sales of ERP financial accounting solutions consist of pre-packaged software and associated services to customers in the United States.

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The Company resells ERP software published by Sage Software and other providers for the financial accounting requirements of small- and medium-sized businesses focused on manufacturing and distribution, and the delivery of related services from the sales of these products, including installation, support and training. The programs perform and support a wide variety of functions related to accounting, including financial reporting, accounts payable and accounts receivable, and inventory management.

We provide a variety of services along with our financial accounting software sales to assist our customers in maximizing the benefits from these software applications. These services include training, technical support, and professional services. We employ class instructors and have formal, specific training in the topics they are teaching. We can also provide on-site training services that are highly tailored to meet the needs of a particular customer. Our instructors must pass annual subject-matter examinations required by Sage to retain their product-based teaching certifications.

We provide end-user technical support services through our support/help desk. Our product and technology consultants assist customers calling with questions about product features, functions, usability issues, and configurations. The support/help desk offers services in a variety of ways, including prepaid services, time and materials billed as utilized and annual support contracts. Customers can communicate with the support/help desk through e-mail, telephone, and fax channels. Standard support/help desk services are offered during normal business hours five (5) days per week.

Electronic Data Interchange Software

We publish our own proprietary EDI software, "MAPADOC." EDI can be used to automate existing processes, to rationalize procedures and reduce costs, and to improve the speed and quality of services. Because EDI necessarily involves business partners, it can be used as a catalyst for gaining efficiencies across organizational boundaries.

Our "MAPADOC" EDI solution is a fully integrated EDI solution that provides users of Sage Software's market-leading Sage 100 ERP/Sage 500 ERP/Sage ERP X3 software products with a feature rich product that is easy to use. "MAPADOC" provides the user with dramatically decreased data entry time, elimination of redundant steps, the lowering of paper and postage costs, the reduction of time spent typing, signing, checking and approving documents and the ability to self-manage EDI and to provide a level of independence that saves time and money.

We market our "MAPADOC" solutions to our existing and new small and medium-sized business customers, and through a network of resellers. We have a sales team of technical specialists involved in marketing and supporting sales of the "MAPADOC" product and associated services.

Warehouse Management Systems

We are resellers of the Accellos Warehouse Management System software published by High Jump, Inc. ("High Jump"). High Jump develops warehouse management software for mid-market distributors. The primary purpose of a WMS is to control the movement and storage of materials within an operation and process the associated transactions. Directed picking, directed replenishment, and directed put-away are the key to WMS. The detailed setup and processing within a WMS can vary significantly from one software vendor to another. However, the basic WMS will use a combination of item, location, quantity, unit of measure, and order information to determine where to stock, where to pick, and in what sequence to perform these operations.

The Accellos WMS software improves accuracy and efficiency, streamlines materials handling, meets retail compliance requirements, and refines inventory control. Accellos also works as part of a complete operational solution by integrating seamlessly with radio frequency hardware, accounting software, shipping systems and warehouse automation equipment.

We market the Accellos solution to our existing and new medium-sized business customers.

Managed Network Services and Business Consulting

We provide managed services, data back-up, network maintenance and service upgrades for our business clients. We are a Microsoft Solutions Provider. Our staff includes engineers who maintain certifications from Microsoft and Sage Software. They are Microsoft Certified Systems Engineers and Microsoft Certified Professionals, and they provide a host of services for our clients, including remote network monitoring, server implementation, support and assistance, operation and maintenance of large central systems, technical design of network infrastructure, technical troubleshooting for large scale problems, network and server security, and backup, archiving, and storage of data from servers. There are numerous competitors, both larger and smaller, nationally and locally, with whom we compete in this market.

Product Development

We are continually looking to improve and develop new products. Our product initiatives include various new product offerings, which are either extensions of existing products or newly conceptualized product offerings including, but not limited to:

- Time and Billing Exact (TBX)
- SPS RSX Connector
- MAPADOC Express
- Fusion X3 Integration
- Accellos X3 Integration

We are using a dual-shore development approach to keep product development costs at a minimum. All of our product development is led by U.S. based employees. The project leaders are technical resources who are involved in developing technical specifications, design decisions, usability testing, and transferring the project knowledge to our offshore development team. Several times per week, the product development leadership team meets with our project leaders and development teams to discuss project status, development obstacles, and project timelines.

Arrangements with Principal Suppliers

Our revenues are primarily derived from the resale of vendor software products and services. These resales are made pursuant to channel sales agreements whereby we are granted authority to purchase and resell the vendor products and services. Under these agreements, we either resell software directly to our customers or act as a sales agent for various vendors and receive commissions for our sales efforts.

We are required to enter into an annual Channel Partner Agreement with Sage Software whereby Sage Software appoints us as a non-exclusive partner to market, distribute, and support Sage 100 ERP, Sage 500 ERP and Sage ERP X3. The Channel Partner Agreement is for a one-year term, and automatically renews for an additional one-year term on the anniversary of the agreement's effective date. These agreements authorize us to sell these software products to customers in the United States. There are no clauses in this agreement that limit or restrict the services that we can offer to customers. We also operate a Sage Software Authorized Training Center Agreement and also are party to a Master Developers Program License Agreement.

For both the years ended December 31, 2016 and 2015, purchases from Sage Software were approximately 24% of the Company's total cost of revenue. Generally, the Company does not rely on any one specific supplier for all of its purchases and maintains relationships with other suppliers that could replace its existing supplier should the need arise.

Customers

We market our products throughout North America. For the years ended December 31, 2016 and 2015, our top ten (10) customers accounted for 19% (\$6,574,232) and 19% (\$5,179,085), respectively, of our total revenues. Generally, we do not rely on any one specific customer for any significant portion of our revenue base. No single customer accounted for ten percent or more of our consolidated revenues base.

Intellectual Property

We regard our technology and other proprietary rights as essential to our business. We rely on copyright, trade secret, confidentiality procedures, contract provisions, and trademark law to protect our technology and intellectual property. We have also entered into confidentiality agreements with our consultants and corporate partners and intend to control access to, and distribution of our products, documentation, and other proprietary information.

We own two trademarks registered with the U.S. Patent and Trademark Office for "MAPADOC" and have two (2) trademark applications pending. We have no patents or patent applications pending.

Competition

Our markets are highly fragmented and the business is characterized by a large number of participants, including several large companies, as well as significant number of small, privately-held, local competitors. A significant portion of our revenue is currently derived from requests for proposals (RFPs) and price is often an important factor in awarding such agreements. Accordingly, our competitors may underbid us if they elect to price their services aggressively to procure such business. Our competitors may also develop the expertise, experience and resources to provide services that are equal or superior in both price and quality to our services, and we may not be able to enhance our competitive position. The principal competitive factors for our professional services include geographic presence, breadth of service offerings, technical skills, quality of service and industry reputation. We believe we compete favorably with our competitors on the basis of these factors.

Employees

As of March 24, 2017, we had approximately 147 full time employees with 32 of our employees engaged in sales and marketing activities, 85 employees are engaged in service fulfillment, and 30 employees employed in administrative activities.

Our future success depends in significant part upon the continued services of our key sales, technical, and senior management personnel and our ability to attract and retain highly qualified sales, technical, and managerial personnel. None of our employees are represented by a collective bargaining agreement and we have never experienced a work stoppage.

Our Corporate History

We were incorporated on October 3, 2002, as a wholly owned subsidiary of iVoice, Inc. (“iVoice”). On February 11, 2004, the Company was spun off from iVoice and became an independent publicly traded company. On September 5, 2003, we changed our corporate name to Trey Resources, Inc. In March 2004, Trey Resources, Inc. began trading on the OTCBB under the symbol TYRIA.OB. In June 2011, we changed our name to SilverSun Technologies, Inc., trading under the symbol SSNT.

Prior to June 2004, we were engaged in the design, manufacture, and marketing of specialized telecommunication equipment. On June 2, 2004, our wholly-owned subsidiary, SWK Technologies, Inc. (“SWK”) completed its acquisition of SWK, Inc. Since the acquisition of SWK, Inc. we have focused on three (3) core business sectors, including acting as the following: (i) a managed service provider for computer networks, providing 24/7 remote monitoring of networks, data backup, hosting, and business continuity and disaster recovery services; (ii) a value added reseller and master developer for Sage Software’s Sage 100 ERP, Sage 500 ERP and Sage ERP X3 enterprise resource planning (“ERP”) financial software; and (iii) publisher of its own proprietary software solutions and integrations, including its Electronic Data Interchange (“EDI”) software, “MAPADOC.” We also publish twenty (20) other assorted software solutions. We focus on the business application software and the information technology consulting market for small and medium-sized businesses (“SMB’s”), selling services and products to various end users, manufacturers, wholesalers and distributors located throughout the United States.

Our strategy is to grow our business through a combination of intra-company growth of our software applications and technology solutions, as well as expansion through acquisitions, both within our existing geographic reach and through geographic expansion. To that end, since 2006, we have completed a number of acquisitions that have increased our client base, technical expertise and geographic footprint.

On June 2, 2006, SWK completed the acquisition of certain assets of AMP-Best Consulting, Inc. (“AMP”) of Syracuse, New York. AMP is an information technology company and value added reseller of licensed ERP software published by Sage Software. AMP sold services and products to various end users, manufacturers, wholesalers and distribution industry clients located throughout the United States, with special emphasis on companies located in the upstate New York region.

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During 2011, SWK acquired Sage's Software's customer accounts in connection with IncorTech, LLC ("IncorTech"), a Southern California-based Sage business partner. This transaction increased our geographical influence in Southern California for the sale and support of our MAPADOC integrated EDI solution and the marketing of our Sage ERP X3 to both former IncorTech customers as well as new consumers. IncorTech had previously provided professional accounting, technology, and business consulting services to over 300 clients.

In June 2012, SWK acquired selected assets and obligations of Hightower, Inc., a Chicago-based reseller of Sage software applications. In addition to the strategic geographic benefits that this acquisition brings to SWK, there is also a substantial suite of proprietary enhancement software solutions.

In May 2014, we completed the purchase of selected assets of ESC Software ("ESC"), a leading Arizona-based reseller of Sage Software and Acumatica applications. Founded in 2000, ESC has implemented technology solutions at prominent companies throughout the Southwest. In addition to the strategic benefits of this acquisition, it has given us additional annual revenues, approximately 300 additional Sage Software ERP customers and affords us market penetration in the Southwest.

On March 11, 2015 SWK entered into an Asset Purchase Agreement with 2000 SOFT, Inc. d/b/a Accounting Technology Resource ("ATR"), a California corporation. In addition to the strategic geographic benefits of this acquisition, it has provided additional revenues from the approximately 250 additional customers.

On July 6, 2015 SWK entered into an Asset Purchase Agreement with ProductiveTech, Inc. ("PTI"), a Southern New Jersey corporation. In addition to the strategic geographic benefits of this acquisition, it has provided additional revenues from the approximately 85 additional customers.

On October 1, 2015, SWK entered into an Asset Purchase Agreement with The Macabe Associates, Inc., ("Macabe") a Washington based reseller of Sage Software and Acumatica applications. In addition to the strategic geographic benefits of this acquisition, it has provided additional revenues from the approximately 180 additional customers.

On October 19, 2015, SWK entered into an Asset Purchase Agreement with Oates & Company, ("Oates") a North Carolina reseller of Sage Software applications. In addition to the strategic geographic benefits of this acquisition, it has provided additional revenues from the approximately 185 additional customers.

Where You Can Find More Information

Our website address is www.silversuntech.com. We do not intend our website address to be an active link or to otherwise incorporate by reference the contents of the website into this Report. The public may read and copy any materials the Company files with the U.S. Securities and Exchange Commission (the "SEC") at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0030. The SEC maintains an Internet website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

Risks Relating to our Business

We have a large accumulated deficit, may incur future losses and may be unable to maintain profitability.

As of December 31, 2016 and December 31, 2015, we had an accumulated deficit of \$7,205,773 and \$10,642,172, respectively. As of December 31, 2016 and December 31, 2015 we had stockholders' equity of \$4,970,916 and \$1,556,321 respectively. We may incur net losses in the future. Our ability to achieve and sustain long-term profitability is largely dependent on our ability to successfully market and sell our products and services, control our costs, and effectively manage our growth. We cannot assure you that we will be able to maintain profitability. In the event we fail to maintain profitability, our stock price could decline.

We cannot accurately forecast our future revenues and operating results, which may fluctuate.

Our operating history and the rapidly changing nature of the markets in which we compete make it difficult to accurately forecast our revenues and operating results. Furthermore, we expect our revenues and operating results to fluctuate in the future due to a number of factors, including the following:

- the timing of sales of our products and services;
- the timing of product implementation, particularly large design projects;
- unexpected delays in introducing new products and services;
- increased expenses, whether related to sales and marketing, product development, or administration;
- the mix of product license and services revenue; and
- costs related to possible acquisitions of technology or businesses.

We may fail to develop new products, or may incur unexpected expenses or delays.

Although we currently have fully developed products available for sale, we may need to develop various new technologies, products and product features and to remain competitive. Due to the risks inherent in developing new products and technologies — limited financing, loss of key personnel, and other factors — we may fail to develop these technologies and products, or may experience lengthy and costly delays in doing so. Although we are able to license some of our technologies in their current stage of development, we cannot assure that we will be able to develop new products or enhancements to our existing products in order to remain competitive.

We may need additional financing which we may not be able to obtain on acceptable terms. If we are unable to raise additional capital, as needed, the future growth of our business and operations could be severely limited.

A limiting factor on our growth is our limited capitalization, which could impact our ability to execute on our business plan. If we raise additional capital through the issuance of debt, this will result in increased interest expense. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of the Company held by existing shareholders will be reduced and our shareholders may experience significant dilution. In addition, new securities may contain rights, preferences or privileges that are senior to those of our Common Stock. If additional funds are raised by the issuance of debt or other equity instruments, we may become subject to certain operational limitations (for example, negative operating covenants). There can be no assurance that acceptable financing necessary to further implement our business plan can be obtained on suitable terms, if at all. Our ability to develop our business, fund expansion, develop or enhance products or respond to competitive pressures, could suffer if we are unable to raise the additional funds on acceptable terms, which would have the effect of limiting our ability to increase our revenues or possibly attain profitable operations in the future.

If we fail to establish and maintain an effective system of internal control, we may not be able to report our financial results accurately or to reduce probability of fraud occurrence. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our Common Stock.

Effective internal control is necessary for us to provide reliable financial reports and prevent fraud. We may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed.

Our evaluations under the Sarbanes-Oxley Act the Company concluded that the Company's internal controls over financial reporting were not effective due to our limited finance staff and corresponding segregation of duties, and the ineffective management review of complex transactions included in the consolidated financial statements, and that such information is accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.

Our management is composed of a small number of individuals resulting in a situation where limitations on segregation of duties exist. In order to remedy this situation we would need to hire additional staff. Currently, we are unable to allocate the necessary resources to hire additional staff and to facilitate greater segregation of duties. However, we will reassess our resources capabilities and priorities in the following year and evaluate the cost-benefit relationship of possible changes in our controls over financial reporting and disclosure controls and procedures.

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Management believes that the material weaknesses are the result of the lack of scale of our operations and are intrinsic to our small size. Nonetheless, our small size and our current internal control deficiencies may have a material adverse effect on our ability to accurately and timely report our financial information which, in turn, may have a material adverse effect on our financial condition. This could result in a loss of investor confidence in the reliability of our financial statements, which in turn could negatively impact the price of our Common Stock as well as our access to additional capital.

We may fail to recruit and retain qualified personnel.

We expect to rapidly expand our operations and grow our sales, development and administrative operations. Accordingly, recruiting and retaining such personnel in the future will be critical to our success. There is intense competition from other companies for qualified personnel in the areas of our activities, particularly sales, marketing and managed services. If we fail to identify, attract, retain and motivate these highly skilled personnel, we may be unable to continue our marketing and managed services activities and service our clients' needs, and this could have a material adverse effect on the Company's business, financial condition, results of operations and future prospects.

If our technologies and products contain defects or otherwise do not work as expected, we may incur significant expenses in attempting to correct these defects or in defending lawsuits over any such defects.

Software products are not currently accurate in every instance, and may never be. Furthermore, we could inadvertently release products and technologies that contain defects. In addition, third-party technology that we include in our products could contain defects. We may incur significant expenses to correct such defects. Clients who are not satisfied with our products or services could bring claims against us for substantial damages. Such claims could cause us to incur significant legal expenses and, if successful, could result in the plaintiffs being awarded significant damages. Our payment of any such expenses or damages could prevent us from becoming profitable.

Our success is highly dependent upon our ability to compete against competitors that have significantly greater resources than we have.

The ERP software, EDI software, MSP and business consulting industries are highly competitive, and we believe that this competition will intensify. Many of our competitors have longer operating histories, significantly greater financial, technical, product development and marketing resources, greater name recognition and larger client bases than we do. Our competitors could use these resources to market or develop products or services that are more effective or less costly than any or all of our products or services or that could render any or all of our products or services obsolete. Our competitors could also use their economic strength to influence the market to continue to buy their existing products.

If we are not able to protect our trade secrets through enforcement of our confidentiality and non-competition agreements, then we may not be able to compete effectively and we may not be profitable.

We attempt to protect our trade secrets, including the processes, concepts, ideas and documentation associated with our technologies, through the use of confidentiality agreements and non-competition agreements with our current employees and with other parties to whom we have divulged such trade secrets. If the employees or other parties breach our confidentiality agreements and non-competition agreements or if these agreements are not sufficient to protect our technology or are found to be unenforceable, our competitors could acquire and use information that we consider to be our trade secrets and we may not be able to compete effectively. Some of our competitors have substantially greater financial, marketing, technical and manufacturing resources than we have, and we may not be profitable if our competitors are also able to take advantage of our trade secrets.

Our failure to secure trademark registrations could adversely affect our ability to market our product candidates and our business.

Our trademark applications in the United States and any other jurisdictions where we may file may be denied, and we may not be able to maintain or enforce our registered trademarks. During trademark registration proceedings, we may receive rejections. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, with respect to the United States Patent and Trademark Office and any corresponding foreign agencies, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our applications and/or registrations, and our applications and/or registrations may not survive such proceedings. Failure to secure such trademark registrations in the United States and in foreign jurisdictions could adversely affect our ability to market our product candidates and our business.

We may unintentionally infringe on the proprietary rights of others.

Many lawsuits currently are being brought in the software industry alleging violation of intellectual property rights. Although we do not believe that we are infringing on any patent rights, patent holders may claim that we are doing so. Any such claim would likely be time-consuming and expensive to defend, particularly if we are unsuccessful, and could prevent us from selling our products or services. In addition, we may also be forced to enter into costly and burdensome royalty and licensing agreements.

Our industry is characterized by rapid technological change and failure to adapt our product development to these changes may cause our products to become obsolete.

We participate in a highly dynamic industry characterized by rapid change and uncertainty relating to new and emerging technologies and markets. Future technology or market changes may cause some of our products to become obsolete more quickly than expected.

The trend toward consolidation in our industry may impede our ability to compete effectively.

As consolidation in the software industry continues, fewer companies dominate particular markets, changing the nature of the market and potentially providing consumers with fewer choices. Also, many of these companies offer a broader range of products than us, ranging from desktop to enterprise solutions. We may not be able to compete effectively against these competitors. Furthermore, we may use strategic acquisitions, as necessary, to acquire technology, people and products for our overall product strategy. The trend toward consolidation in our industry may result in increased competition in acquiring these technologies, people or products, resulting in increased acquisition costs or the inability to acquire the desired technologies, people or products. Any of these changes may have a significant adverse effect on our future revenues and operating results.

We face intense price-based competition for licensing of our products which could reduce profit margins.

Price competition is often intense in the software market. Price competition may continue to increase and become even more significant in the future, resulting in reduced profit margins.

The software and technology industry is highly competitive. If we cannot develop and market desirable products that the public is willing to purchase, we will not be able to compete successfully. Our business may be adversely affected and we may not be able to generate any revenues.

We have many potential competitors in the software industry. We consider the competition to be competent, experienced, and may have greater financial and marketing resources than we do. Our ability to compete effectively may be adversely affected by the ability of these competitors to devote greater resources to the development, sales, and marketing of their products than are available to us. Some of the Company's competitors, also, offer a wider range of software products, have greater name recognition and more extensive customer bases than the Company. These competitors may be able to respond more quickly to new or changing opportunities, customer desires, as well as undertake more extensive promotional activities, offer terms that are more attractive to customers and adopt more aggressive pricing policies than the Company. We cannot provide any assurances that we will be able to compete successfully against present or future competitors or that the competitive pressure we may encounter will not force us to cease operations.

If there are events or circumstances affecting the reliability or security of the internet, access to our website and/or the ability to safeguard confidential information could be impaired causing a negative effect on the financial results of our business operations.

Despite the implementation of security measures, our website infrastructure may be vulnerable to computer viruses, hacking or similar disruptive problems caused by members, other internet users, other connected internet sites, and the interconnecting telecommunications networks. Such problems caused by third-parties could lead to interruptions, delays or cessation of service to our customers. Inappropriate use of the internet by third-parties could also potentially jeopardize the security of confidential information stored in our computer system, which may deter individuals from becoming customers. Such inappropriate use of the internet includes attempting to gain unauthorized access to information or systems, which is commonly known as "cracking" or "hacking." Although we have implemented security measures, such measures have been circumvented in the past by hackers on other websites on the internet, although our networks have never been breached, and there can be no assurance that any measures we implement would not be circumvented in future. Dealing with problems caused by computer viruses or other inappropriate uses or security breaches may require interruptions, delays or cessation of service to our customers, which could have a material adverse effect on our business, financial condition and results of operations.

If we lose the services of any of our key personnel our business may suffer.

We are dependent on Mark Meller, our Chief Executive Officer and key employees in our operating subsidiary SWK. The loss of any of our key personnel could materially harm our business because of the cost and time necessary to retain and train a replacement. Such a loss would also divert management attention away from operational issues.

To service our debt obligations, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. Any failure to repay our outstanding indebtedness as it matures, could materially adversely impact our business, prospects, financial condition, liquidity, results of operations and cash flows.

Our ability to satisfy our debt obligations and repay or refinance our maturing indebtedness will depend principally upon our future operating performance.

As a result, prevailing economic conditions and financial, business, legislative, regulatory and other factors, many of which are beyond our control, will affect our ability to make payments on our debt and comply with the covenants of the line of credit. If we do not generate sufficient cash flow from operations to satisfy our debt service obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, incurring additional debt, issuing equity or convertible securities, utilizing our line of credit, reducing discretionary expenditures and selling certain assets (or combinations thereof). Our ability to execute such alternative financing plans will depend on the capital markets and our financial condition at such time. In addition, our ability to execute such alternative financing plans may be subject to certain restrictions under our existing indebtedness, including our revolving credit facility and our term loan. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants compared to those associated with any debt that is being refinanced, which could further restrict our business operations. Our inability to generate sufficient cash flow to satisfy our debt obligations, or our inability to refinance our debt obligations on commercially reasonable terms or at all, would have a material adverse effect on our business, prospects, financial condition, liquidity, results of operations and cash flows.

Risks Related To Our Securities

Our common stock is quoted on the OTCQB, which may have an unfavorable impact on our stock price and liquidity.

Our common stock is quoted on the OTCQB. The quotation of our shares on the OTCQB may result in a less liquid market available for existing and potential stockholders to trade shares of our common stock, could depress the trading price of our common stock and could have a long-term adverse impact on our ability to raise capital in the future.

There is limited liquidity on the OTCQB, which enhances the volatile nature of our equity.

When fewer shares of a security are being traded on the OTCQB, volatility of prices may increase and price movement may outpace the ability to deliver accurate quote information. Due to lower trading volumes in shares of our common stock, there may be a lower likelihood that orders for shares of our common stock will be executed, and current prices may differ significantly from the price that was quoted at the time of entry of the order.

Our stock price is likely to be highly volatile because of our limited public float.

The market price of our common stock is likely to be highly volatile because there has been a relatively thin trading market for our stock, which causes trades of small blocks of stock to have a significant impact on our stock price. You may not be able to resell shares of our common stock following periods of volatility because of the market's adverse reaction to volatility. Other factors that could cause such volatility may include, among other things: actual or anticipated fluctuations in our operating results; the absence of securities analysts covering us and distributing research and recommendations about us; overall stock market fluctuations; economic conditions generally; announcements concerning our business or those of our competitors; our ability to raise capital when we require it, and to raise such capital on favorable terms; conditions or trends in the industry; litigation; changes in market valuations of other similar companies; announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships or joint ventures; future sales of common stock; actions initiated by the SEC or other regulatory bodies; and general market conditions. Any of these factors could have a significant and adverse impact on the market price of our common stock. These broad market fluctuations may adversely affect the trading price of our common stock, regardless of our actual operating performance.

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In order to raise sufficient funds to expand our operations, we may have to issue additional securities at prices which may result in substantial dilution to our shareholders.

If we raise additional funds through the sale of equity or convertible debt, our current stockholders' percentage ownership will be reduced. In addition, these transactions may dilute the value of our common shares outstanding. We may also have to issue securities that may have rights, preferences and privileges senior to our common stock.

Our stock is thinly traded, so you may be unable to sell at or near ask prices or at all.

The shares of our common stock are traded on the OTCQB and are thinly traded, meaning that the number of persons interested in purchasing our common stock at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a smaller reporting company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who generate or influence sales volume. Even in the event that we come to the attention of such persons, they would likely be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we become more seasoned and viable. As a consequence, our stock price may not reflect an actual or perceived value. Also, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as is currently the case, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. A broader or more active public trading market for our common shares may not develop or if developed, may not be sustained. Due to these conditions, you may not be able to sell your shares at or near ask prices or at all if you need money or otherwise desire to liquidate your shares.

Currently, there is a limited public market for our securities, and there can be no assurances that any public market will ever develop and, even if developed, it is likely to be subject to significant price fluctuations.

We have a trading symbol for our common stock, namely 'SSNT'. However, our stock has been thinly traded. Consequently, there can be no assurances as to whether:

- any substantial market for our shares will develop;
- the prices at which our common stock will trade; or
- the extent to which investor interest in us will lead to the development of an active, liquid trading market. Active trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors.

Until our common stock is fully distributed and an orderly market develops in our common stock, if ever, the price at which it trades is likely to fluctuate significantly. Prices for our common stock will be determined in the marketplace and may be influenced by many factors, including the depth and liquidity of the market for shares of our common stock, developments affecting our business, including the impact of the factors referred to elsewhere in these risk factors, investor perception of our Company and general economic and market conditions. No assurances can be given that an orderly or liquid market will ever develop for the shares of our common stock.

We are subject to the penny stock rules which will make our securities more difficult to sell.

We are subject to the SEC's "penny stock" rules because our securities sell below \$5.00 per share. The penny stock rules require broker-dealers to deliver a standardized risk disclosure document prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the bid and offer quotations, and the broker-dealer and salesperson compensation information must be given to the customer orally or in writing prior to completing the transaction and must be given to the customer in writing before or with the customer's confirmation.

Furthermore, the penny stock rules require that prior to a transaction, the broker dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. The penny stock rules are burdensome and may reduce purchases of any offerings and reduce the trading activity for our securities. As long as our securities are subject to the penny stock rules, the holders of such securities will find it more difficult to sell their securities.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

- 6,968 square feet of office space in Livingston, NJ, at a monthly rent of \$7,400. This lease expired December 31, 2016 and was subsequently extended for a two months ending February 28, 2017. The Company has entered into a new operating lease agreement for its main office relocating to East Hanover, NJ on March 1, 2017. This office space consists of 5,120 square feet at a monthly rent starting at \$8,762 and escalating to \$10,044 per month by the end of the term April 30, 2024.
- Office space in North Syracuse, NY, at a monthly rent of \$2,100, the lease expired on May 31, 2015 and was subsequently extended for a three year term ending May 31, 2018.
- 2,700 square feet of office space in Skokie, IL with a monthly rent of \$3,000 with such lease set to expire on April 30, 2018.
- 702 square feet of office space in Minneapolis, MN with a monthly rent of \$1,515 with such lease set to expire March 31, 2017. The company is exploring renewing or moving locations.
- 2,105 square feet of office space in Phoenix, AZ starting at \$1,271 and escalating to \$2,894 per month by the end of the term September 30, 2019.
- 1,500 square feet of office space in Seattle, WA with a monthly rent of \$3,090 a month. The lease expires September 30, 2018.
- 3,422 square feet of office space in Greensboro, NC with a monthly rent of \$4,182 a month. The lease expired February 28, 2017 and was extended for 2,267 square feet with a monthly rent of \$2,765 expiring February 28, 2020.
- 1,745 square feet of office space in Santa Ana, CA with a monthly rent of \$3,225 per month escalating to \$3,402 per month by the end of the lease term, April 30, 2018.
- The Company has entered into operating lease agreement for its south New Jersey office commencing March 1, 2017. The company will lease 6,115 square feet of office space in Thorofare, NJ starting at \$4,591 and escalating to \$5,168 per month by the end of the term, February 28, 2022.

Our leased space is utilized for office purposes and it is our belief that the space is adequate for our immediate needs. Additional space may be required as we expand our business activities. We do not foresee any significant difficulties in obtaining additional facilities if deemed necessary.

Item 3. Legal Proceedings.

We are not currently involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our Company our subsidiary, threatened against or affecting our Company, our common stock, our subsidiary or of our Company's or our Company's subsidiary' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****(a) Market Information**

Our shares of Common Stock are quoted on the OTCQB under the symbol “SSNT.” Prior to 2011, our Common Stock was listed under the symbol “TYRIA”. The OTCQB is a quotation service that displays real-time quotes, last-sale prices, and volume information in over-the-counter (“OTC”) equity securities. An OTCQB equity security is not listed or traded on a national securities exchange.

The following table sets forth the high and low bid price for our common stock for each quarter during the past two fiscal years. The prices reflect inter-dealer quotations, do not include retail mark-ups, markdowns or commissions and do not necessarily reflect actual transactions.

	<u>High</u>	<u>Low</u>
Fiscal 2015:		
First Quarter (January 1 – March 31)	\$ 8.40	\$ 3.00
Second Quarter (April 1 – June 30)	\$ 5.50	\$ 2.41
Third Quarter (July 1 – September 30)	\$ 4.02	\$ 2.20
Fourth Quarter (October 1 – December 31)	\$ 3.90	\$ 2.45
Fiscal 2016:		
First Quarter (January 1 – March 31)	\$ 2.75	\$ 1.30
Second Quarter (April 1 – June 30)	\$ 1.87	\$ 1.20
Third Quarter (July 1 – September 30)	\$ 2.40	\$ 1.42
Fourth Quarter (October 1 – December 31)	\$ 5.00	\$ 1.85

(b) Holders of Common Equity

As of March 24, 2017, there were 858 stockholders of record. An additional number of stockholders are beneficial holders of our Common Stock in “street name” through banks, brokers and other financial institutions that are the record holders.

(c) Dividend Information

On January 11, 2016, the Company announced the payment of a \$0.06 special cash dividend per share of Common Stock. The dividend payments announced in January were paid out on January 20, 2016 for an aggregate amount of approximately \$265,000, which was applied against additional paid in capital. The declaration of any future cash dividends is at the discretion of our board of directors and depends upon our earnings, if any, our capital requirements and financial position, our general economic conditions, and other pertinent conditions.

On January 23, 2017, the Company announced the payment of a \$0.02 special cash dividend per share of Common Stock. The dividend payments announced in January was paid out on January 31, 2017 for an aggregate amount of \$89,566, which was applied against additional paid in capital. The declaration of any future cash dividends is at the discretion of our board of directors and depends upon our earnings, if any, our capital requirements and financial position, our general economic conditions, and other pertinent conditions. It is our present intention not to pay any cash dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations.

(d) Securities Authorized For Issuance Under Equity Compensation Plans

There are 143,576 outstanding options to purchase our securities.

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The following table sets forth information as of December 31, 2016 with respect to compensation plans (including individual compensation arrangements) under which our common shares are authorized for issuance, aggregated as follows:

Plan category	All compensation plans previously approved by security holders; and All compensation plans not previously approved by security holders		
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
	(a)	(b)	(c)
Equity compensation plans approved by security holders	0	\$ 0.00	0
Equity compensation plans not approved by security holders.	143,576	\$ 4.33	19,393
Total	143,576	\$ 4.33	19,393

2004 Stock Incentive Plan

The Company adopted the 2004 Stock Incentive as the amended Plan (the “2004 Plan”) in order to attract and retain qualified employees, directors, independent contractors or agents of the Company. The 2004 Plan terminated on September 29, 2014; options granted before that date were not affected by plan termination. At December 31, 2016 and 2015, 143,576 and 183,576 options remained outstanding under the 2004 Plan, respectively.

2004 Directors’ and Officers’ Stock Incentive Plan

The Company adopted the 2004 Directors’ and Officers’ Stock Incentive Plan (the “2004 D&O Plan”) in order to provide long-term incentive and rewards to officers and directors of the Company and subsidiary and to attract and retain qualified employees, directors, independent contractors or agents of the Company. The 2004 D&O Plan terminated on September 29, 2014 and as of March 24, 2017, no securities were issued.

2007 Consultant Stock Incentive Plan

The Company adopted the 2007 Consultant Stock Incentive Plan (the “2007 Plan”) to: (i) provide long-term incentives, payment in stock in lieu of cash and rewards to consultants, advisors, attorneys, independent contractors or agents (“Eligible Participants”) of the Company; (ii) assist the Company in attracting and retaining independent contractors or agents with experience and/or ability on a basis competitive with industry practices; and (iii) associate the interests of such independent contractors or agents with those of the Company’s stockholders. The Company has reserved 19,393 shares for issuance under this plan. Awards under the 2007 Plan may include, but need not be limited to, stock options (including non-statutory stock options and incentive stock options qualifying under Section 422 of the Code), stock appreciation rights (including free-standing, tandem and limited stock appreciation rights), warrants, dividend equivalents, stock awards, restricted stock, phantom stock, performance shares or other securities or rights that the Board determines to be consistent with the objectives and limitations of the 2007 Plan. The price shall be equal to or greater than 50% of the fair market value of such shares on the date of grant of such award. The Board shall determine the extent to which awards shall be payable in cash, shares of the Company’s Common Stock or any combination thereof. The 2007 Plan (but not the awards theretofore granted under the 2007 Plan) shall terminate on January 22, 2017 and no awards shall be granted thereafter. As of March 24, 2017, no securities were issued pursuant to the 2007 Plan.

Transfer Agent

Our transfer agent is Fidelity Transfer Company at 8915 South 700 East, Sandy, Utah 84070.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This annual report on Form 10-K and other reports filed by SilverSun Technologies, Inc. (the “Company”) from time to time with the U.S. Securities and Exchange Commission (the “SEC”) contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company’s management as well as estimates and assumptions made by Company’s management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words “anticipate,” “believe,” “estimate,” “expect,” “future,” “intend,” “plan,” or the negative of these terms and similar expressions as they relate to the Company or the Company’s management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks contained in the “Risk Factors” section of the this Annual Report on Form 10-K, relating to the Company’s industry, the Company’s operations and results of operations, and any businesses that the Company may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management’s judgment in its application. There are also areas in which management’s judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this report.

Overview

SilverSun Technologies, Inc. is involved in the acquisition and build-out of technology and software companies engaged in providing transformational business management applications and professional consulting services to small and medium size companies, primarily in the manufacturing, distribution and service industries. We are executing a business strategy centered on the design and development of our own proprietary business management solutions, which now includes our MAPADOC® Electronic Data Interchange (EDI) solution and other proprietary solutions and enhancements; as well as on the acquisition of application resellers and software publishers of unique and proprietary solutions in the extensive and expanding, but highly fragmented, business solutions marketplace.

Our core strength is rooted in our ability to discover and identify the driving forces of change that are affecting – or will affect – businesses in a wide range of industries. We invest valuable time and resources to fully understand how technology is transforming the business management landscape and what current or emerging innovations are deserving of a clients’ attention. By leveraging this knowledge and foresight, our growing list of clients are empowered with the means to more effectively manage their businesses; to capitalize on real-time insight drawn from their data resources; and to materially profit from enhanced operational functionality, process flexibility and expedited process execution.

A key tactical strategy for our Company is developing smart, proprietary business management applications that effectively and efficiently integrate with existing business management systems; and in publishing proprietary solutions for niche markets that address unique manufacturing and distribution challenges and needs. In this regard, through our wholly-owned subsidiary, SWK Technologies, Inc. (“SWK”), we publish proprietary EDI software, branded as MAPADOC. MAPADOC is a fully integrated, easy-to use, feature-rich EDI solution for users of Sage Software, Inc.’s (“Sage”) market leading Sage 100 ERP, Sage 500 ERP and Sage ERP X3 software products. Providing seamless integration and dramatically decreasing data-entry time and associated costs, it is marketed and distributed worldwide by the Company’s direct sales force, as well as through its platform partner, SPS Commerce, Inc. and a growing national network of independent software partners and resellers, to customers largely supplying big-box retailers, including Walmart, Sears, Target and Costco.

We also provide managed IT services to our customers. As Microsoft Certified Systems Engineers and Microsoft Certified Professionals, our staff offers a host of mission critical services, including remote network monitoring, server implementation, support and assistance, operation and maintenance of large central systems, technical design of network infrastructure, technical troubleshooting for large scale problems, network and server security, and back-up, archiving and storage of data from servers. We compete with numerous large and small companies in this market sector, both nationally and locally.

Distinguished as one of the largest Sage ERP X3 practices in North America, we resell enterprise resource planning software published by Sage, which addresses the financial accounting requirements of small- and medium-size businesses focused on manufacturing and distribution. We also offer services related to these sales, including installation, support and training. These product sales are primarily packaged software programs installed on a user workstation, on a local area network server, or in a hosted environment. The programs perform and support a wide variety of functions related to accounting, including financial reporting, accounts payable, accounts receivable and inventory management.

We employ class instructors and host formal, topic-specific, training classes, both on-site at our clients' facilities and at our corporate offices. Our instructors must pass annual subject matter examinations required by Sage to retain their product-based teaching certifications. We also provide end-user technical support services through our support/help desk, which is available during normal business hours, Monday through Friday. Our team of qualified product and technology consultants assist customers that contact us with questions about product features, functions, usability issues and configurations. The support/help desk offers services in a variety of ways, including prepaid services, time and materials billed as utilized and annual support contracts. Our customers can communicate with our support/help desk through email, telephone and fax channels.

Led by specialized project managers, we provide professional services ranging from software customization to data migration to small- and medium-size business consulting.

We also are resellers of the Warehouse Management System ("WMS") software published by High Jump, Inc. ("High Jump"), which develops warehouse management software for middle market distributors. The primary purpose of a WMS is to control the movement and storage of materials within an operation and process the associated transactions. Directed picking, directed replenishment, and directed put-away are the key to WMS. The detailed setup and processing within a WMS can vary significantly from one software vendor to another. However, the basic WMS will use a combination of item, location, quantity, unit of measure and order information to determine where to stock, where to pick, and in what sequence to perform these operations. The Accellos WMS software improves accuracy and efficiency, streamlines materials handling, meets retail compliance requirements, and refines inventory control. Accellos also works as part of a complete operational solution by integrating seamlessly with RF hardware, accounting software, shipping systems and warehouse automation equipment. We market the Accellos solution to our existing and new medium-sized business clients.

Investing in the acquisition of other companies and proprietary business management solutions has been an important growth strategy for our Company, allowing us to rapidly offer new products and services, expand into new geographic markets and create new and exciting profit centers. To date, we have completed a series of strategic ventures that have served to fundamentally strengthen our Company's operating platform and materially expand our footprint to nearly every U.S. state. More specifically, over the past ten years, we have outright acquired, acquired select assets of or entered into revenue sharing agreements with Business Tech Solutions Group, Inc.; Wolen Katz Associates; AMP-BEST Consulting, Inc.; IncorTech; Micro-Point, Inc.; HighTower, Inc.; Point Solutions, LLC; SGEN, LLC., ESC, Inc., 2000 SOFT, Inc., Productive Tech Inc., The Macabe Associates, and Oates & Co.

Additionally, it is our intention to continue to increase our business by seeking additional opportunities through potential acquisitions, revenue sharing arrangements, partnerships or investments. Such acquisitions, revenue sharing arrangements, partnerships or investments may consume cash reserves or require additional cash or equity. Our working capital and additional funding requirements will depend upon numerous factors, including: (i) strategic acquisitions or investments; (ii) an increase to current company personnel; (iii) the level of resources that we devote to sales and marketing capabilities; (iv) technological advances; and (v) the activities of competitors.

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During 2016 the Company continued to expand its customer base and growth trend which we believe will provide a basis for future growth. Some of the key highlights for 2016 are as follows:

- 1) Revenues increased 23.4% from the prior year.
- 2) Income from operations increased to \$1,267,343 as compared to \$357,788 in the prior year.
- 3) Net income was \$3,436,399 as compared to \$374,305 in the prior year.
- 4) Sales of the Company's proprietary and cloud-based business management solutions increased.
- 5) Recurring revenue from all sources represents approximately 40.5% of total revenue.

Revenues

Revenues for the year ended December 31, 2016 increased \$6,479,988 (23.4%) to \$34,121,970 as compared to \$27,641,982 for the year ended December 31, 2015. Software sales increased by \$472,578 to \$4,707,546 in 2016 from \$4,234,968 in 2015 for an overall increase of 11.2%. This increase was primarily due to an increase in sales of our accounting software products, such as Sage ERP X3, cloud solutions Netsuite and Acumatica, and Accellos Warehouse Management. Service revenue increased by \$6,007,410 to \$29,414,424 in 2016 from \$23,407,014 in 2015 for an overall increase of 25.7%. The overall increases are primarily due to the continued marketing efforts and very competitive pricing, and the Company's strategy to increase its business by seeking additional opportunities through potential acquisitions, partnerships or investments. The four acquisitions completed in 2015 contributed \$7,110,095 in revenue to the year ended December 31, 2016.

Gross Profit

Gross profit for the year ended December 31, 2016 increased \$1,883,708 (17.4%) to \$12,727,242 as compared to \$10,843,534 for the year ended December 31, 2015. The increase in overall gross profit for this period is attributed to the increase in revenues from existing business and the four acquisitions. For the year ended December 31, 2016, the overall gross profit percentage was 37.3% as compared to 39.2 % for the year ended December 31, 2015.

The gross profit attributed to software sales increased \$71,683 to \$2,222,405 for 2016 from \$2,150,722 in 2015 which resulted in a decrease in the gross profit percentage from 50.8% in 2015 to 47.2% for 2016. The mix of products being sold by the Company changes from time to time and sometimes causes the overall gross margin percentage to vary.

The gross profit attributed to services increased \$1,812,025 from 2015 to 2016 primarily due to the implementations of larger scale accounting systems. The gross profit percentage attributed to services decreased to 35.7% in 2016 from 37.1% in 2015.

Operating Expenses

Selling and marketing expenses increased \$54,010 (1.3%) to \$4,358,234 for the year ended December 31, 2016 compared to \$4,304,224 for the year ended December 31, 2015 due to a full year of expenses attributed to the prior year acquisitions offset mostly by corporate cost saving measures.

General and administrative expenses increased \$738,639 (13.1%) to \$6,374,210 for the year ended December 31, 2016 as compared to \$5,635,571 for the year ended December 31, 2015 primarily as a result of increases in payroll and related expenses associated with the addition of management personnel and the incremental costs associated with the acquisitions and integrations.

Depreciation and amortization expense for the year ended December 31, 2016 was \$684,660 as compared to \$485,091 for the year ended December 31, 2015. This increase is primarily attributed to the increase in amortization associated with the intangible assets acquired through acquisition in 2015.

Income Taxes

For the year ended December 31, 2016, the Company's Federal and State provision requirements were calculated based on the estimated tax rate. The Federal effective rate is higher than the statutory rate primarily due to the reversal of a significant portion of the previously reserved deferred tax assets for the net operating losses in addition to Incentive Stock Options (ISO) and 50% of general meal and entertainment expense which are not tax deductible for the Company.

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For the year ended December 31, 2016, the Company's Federal and State provision requirements were offset by the reversal of a portion of the valuation allowance no longer deemed necessary. The Company recorded a net tax benefit of \$2,223,734 which represents a reduction in our valuation allowance on tax attributes that are expected to be utilized based on management's assessment and evaluation of historical and projected income.

Liquidity and Capital Resources

We are currently seeking additional operating income opportunities through potential acquisitions or investments. Such acquisitions or investments may consume cash reserves or require additional cash or equity. Our working capital and additional funding requirements will depend upon numerous factors, including: (i) strategic acquisitions or investments; (ii) an increase to current company personnel; (iii) the level of resources that we devote to sales and marketing capabilities; (iv) technological advances; and (v) the activities of competitors.

In addition to developing new products, obtaining new customers and increasing sales to existing customers, management plans to increase its business and profitability by entering into collaboration agreements, buying assets, and acquiring companies in the business software and information technology consulting market with solid revenue streams and established customer bases that generate positive cash flow.

On May 6, 2014, SWK acquired certain assets of ESC, Inc. pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of \$350,000 (the "ESC Note"). The ESC Note matures on April 1, 2019. Monthly payments are \$6,135 including interest at 2% per year. At December 31, 2016 and December 31, 2015 the outstanding balance was \$ 173,535 and \$242,926 respectively.

On March 11, 2015 SWK entered into an Asset Purchase Agreement with 2000 SOFT, Inc. d/b/a ATR, a California corporation, and Karen Espinoza McGarrigle in her individual capacity as Shareholder. SWK acquired certain assets of ATR (as defined in the Purchase Agreement). In consideration for the acquired assets, the Company issued a promissory note in the aggregate principal amount of \$175,000 and paid cash of \$80,000. At December 31, 2016 and December 31, 2015 the outstanding balance was \$74,194 and \$132,229 respectively. As additional consideration, the Company will pay 10% of the net margin on maintenance renewals for former ATR customers for the first twelve months and 5% of the net margin on maintenance renewals for the following twelve months. Amounts due under this arrangement are minimal.

In March 2015, 363,490 shares of common stock were sold at a price of \$4.24 per share and 181,745 warrants were sold at a price of \$.01. The gross proceeds raised was \$1,543,015 and the underwriting and expenses relating to the offering of \$730,992, resulting in net proceeds to the Company of \$812,023.

On July 6, 2015, SWK acquired certain assets of ProductiveTech Inc. (PTI) pursuant to an Asset Purchase Agreement cash of \$500,000 and a promissory note for \$600,000 (the "PTI Note"). The note is due in 60 months from the closing date and bears interest at a rate of two and one half (2.5%) percent. The monthly payments including interest are \$10,645. At December 31, 2016 and December 31, 2015 the outstanding balance was \$437,403 and \$552,645 respectively.

On October 1, 2015 SWK entered into an Asset Purchase Agreement with The Macabe Associates, Inc., ("Macabe"), a Washington corporation and Mary Abdian and John Nicholson in their individual capacity as Shareholders. SWK acquired certain assets and liabilities of Macabe (as defined in the Purchase Agreement). In consideration for the acquired assets, the Company paid \$21,423 in cash. As additional consideration, the Company paid \$5,500 cash after twelve months from closing and will pay \$5,500 cash twenty-four months from closing on the net-to-SWK revenues for Software and Maintenance sales if certain estimates are met for a total of \$11,000 and was recorded as part of the contingent consideration included in the purchase price. Additionally, the Company will pay 35% of the net margin on software maintenance renewals for former Macabe customers for the first twelve months, and then 30%, 25% and 20% of the net margin on software maintenance renewals for the following three years. The Company will also pay 50% the first year, and 40%, 30% and 20% the three years after on the net margin on EASY Solution Maintenance, new software & license to existing Macabe customers and EASY Solutions software and maintenance sales to new customers. On any former Macabe customers migrating to Netsuite, X3 or Acumatica, the Company will pay 50% of the net margin of the sale after applicable costs and commissions for the three years period after the acquisition. The Company estimated this contingent consideration to be approximately \$417,971 at acquisition and which is included in the purchase price. Certain payments were made in each of these contingent consideration components, resulting in a remaining balance of \$211,685 as of December 31, 2016.

On October 19, 2015, SWK acquired certain assets of Oates & Company, LLC (Oates) pursuant to an Asset Purchase Agreement cash of \$125,000 and a promissory note for \$175,000 (the "Oates Note"). The note is due in three years from the closing date and bears interest at a rate of two (2%) percent. The monthly payments including interest are \$5,012. At December 31, 2016 and December 31, 2015 the outstanding balance was \$108,018 and \$165,383 respectively. Additionally in connection with the purchase agreement, the Company issued a Convertible Note for \$200,000. The Convertible Note was due January 1, 2017 and bore interest at a rate of one (1%) percent. The quarterly interest payments were computed on the basis of 365-day year from the date of this note until paid. On December 9, 2016 the Convertible Note was converted into 66,667 shares of Common Stock.

On July 21, 2016, SWK entered into a Revolving Demand Note (the "Revolving Demand Note") by and between SWK (the "Borrower") and M&T Bank ("Lender"), a commercial lender. The Lender has agreed to loan SWK up to a principal amount of one million dollars. The interest rate on the Revolving Demand Note shall be a variable rate, equal to the "Prime Rate", plus ninety-five one-hundredths percent (0.95%) per annum. There is a minimum interest rate floor of four percent (4%). The Revolving Demand Note is secured by all of the Borrower's assets pursuant to a Security Agreement. Furthermore, on July 21, 2016, the Company and Mr. Mark Meller, individually, entered into Unlimited Guaranty agreements (the "Guaranty Agreements") with the Lender. Under the Guaranty Agreements, the Company and Mr. Meller personally, jointly and severally guaranteed the liabilities of the Borrower due and owing under the terms of the Revolving Demand Note. At December 31, 2016 the outstanding balance was \$0.

During the year ended December 31, 2016, the Company had a net increase in cash of \$427,736. The Company's principal sources and uses of funds were as follows:

Cash provided by operating activities

The Company generated \$1,794,160 in cash from operating activities for the year ended December 31, 2016 as compared to generating \$126,659 of cash for operating activities for the year ended December 31, 2015. This increase in cash provided by operating activities is primarily attributed to an increase in operating income and a decrease in accounts receivable offset partially by an increase in accounts payable and accrued expenses.

Cash used in investing activities

Investing activities for the year ended December 31, 2016 used cash of \$496,719 as compared to using \$643,376 of cash for the year ended December 31, 2015. This decrease in cash used is attributed to the Company not acquiring any new businesses in 2016 offset by an increase in purchases of property and equipment and investment in software development costs.

Cash provided by (used in) financing activities

Financing activities for the year ended December 31, 2016 used cash of \$869,705 as compared to generating cash of \$401,693 for the year ended December 31, 2015. This increase in cash used in financing activities is mostly attributed to the payment of a cash dividend, contingent consideration, and repayment of the term loans related to acquisitions of ESC, ATR, PTI, Macabe, and Oates and capital lease payments. In 2015 there was \$812,023 proceeds, net of fees, from the issuance of common stock.

The Company believes that as a result of the growth in business, and the availability of its credit line, it has adequate liquidity to fund its operating plans for at least the next twelve months.

There was no significant impact on the Company's operations as a result of inflation for the year ended December 31, 2016.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate these estimates, including those related to bad debts, intangible assets, and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

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We have identified below the accounting policies, related to what we believe are most critical to our business operations and are discussed throughout Management's Discussion and Analysis of Financial Condition or Plan of Operation where such policies affect our reported and expected financial results.

Revenue Recognition

Revenue is recognized when products are shipped, or services are rendered, evidence of a contract exists, the price is fixed or reasonably determinable, and collectability is reasonably assured.

Product Revenue

Software product revenue is recognized when the product is shipped to the customer. The Company treats the software component and the professional services consulting component as two separate arrangements that represent separate units of accounting. The arrangement consideration is allocated to each unit of accounting based upon that unit's proportion of the fair value. In a situation where both components are present, software sales revenue is recognized when collectability is reasonably assured and the product is delivered and has stand-alone value based upon vendor specific objective evidence.

Service Revenue

Service revenue is comprised of primarily professional service consulting revenue, maintenance revenue and other ancillary services provided as described below. Professional service revenue is recognized as service is incurred.

With respect to maintenance services, upon the completion of one year from the date of sale, the Company offers customers an optional annual software maintenance and support agreement for subsequent one-year periods. Maintenance and support agreements are recorded as deferred revenue and recognized over the respective terms of the agreements, which typically range from three months to one year and are included in service revenue in the Consolidated Statement of Income.

Shipping and handling costs charged to customers are classified as revenue, and the shipping and handling costs incurred are included in cost of sales.

Accounts Receivable

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based on customer payment and current credit worthiness, as determined by review of their current credit information. The Company continuously monitors credits and payments from its customers and maintains provision for estimated credit losses based on its historical experience and any specific customer issues that have been identified. While such credit losses have historically been within our expectation and the provision established, the Company cannot guarantee that it will continue to receive positive results.

Unbilled Services

The Company recognizes revenue on its professional services as those services are performed or certain obligations are met.

Goodwill

Goodwill is the excess of acquisition cost of an acquired entity over the fair value of the identifiable net assets acquired. Goodwill is not amortized, but tested for impairment annually or whenever indicators of impairment exist. These indicators may include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors.

Intangible Assets

The values assigned to intangible assets were based on an independent valuation. Purchased intangible assets are amortized over the useful lives based on the estimate of the use of economic benefit of the asset using the straight-line amortization method.

The Company assesses potential impairment of its intangible assets when there is evidence that recent events or changes in circumstances have made recovery of an asset's carrying value unlikely. Factors the Company considers important, which may cause impairment include, among others, significant changes in the manner of use of the acquired asset, negative industry or economic trends, and significant underperformance relative to historical or projected operating results.

Income taxes

Deferred income taxes reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as operating loss carryforwards. Deferred tax assets and liabilities are classified as current or non-current based on the classification of the related assets or liabilities for financial reporting, or according to the expected reversal dates of the specific temporary differences, if not related to an asset or liability for financial reporting. Valuation allowances are established against deferred tax assets if it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates or laws is recognized in operations in the period that includes the enactment date.

Off Balance Sheet Arrangements

During fiscal 2016, we did not engage in any material off-balance sheet activities or have any relationships or arrangements with unconsolidated entities established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, we have not guaranteed any obligations of unconsolidated entities nor do we have any commitment or intent to provide additional funding to any such entities.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We do not hold any derivative instruments and do not engage in any hedging activities.

Item 8. Financial Statements.

Our consolidated financial statements are contained in pages F-1 through F-23 which appear at the end of this Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There are no reportable events under this item for the year ended December 31, 2016.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure and Control Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15 and Rule 15d-15, as amended (the “Act”)) as of the end of the period covered by this annual report on Form 10-K. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, due to the material weaknesses in our internal control over financial reporting as described below, our disclosure controls and procedures were not effective as of December 31, 2016.

(b) Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2016, based on criteria for effective internal control over financial reporting described in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has determined that as of December 31, 2016, there were material weaknesses in our internal control over financial reporting. The material weaknesses identified during management’s assessment were (i) a lack of sufficient internal accounting resources resulting in a lack of segregation of duties to ensure adequate review of financial statement preparation, and (ii) ineffective management review of complex transactions to enable timely decisions regarding required disclosures. As a result of these material weaknesses, management has concluded that we did not maintain effective internal control over financial reporting at December 31, 2016.

Although a material weaknesses is defined as a deficiency, or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company’s annual or interim financial statements will not be prevented or detected on a timely basis, these material weaknesses did not result in any material misstatements of the Company’s consolidated financial statements and disclosures for any interim periods during, or for the annual periods ended December, 31 2016.

Remediation

Management intends to strengthen the Company’s internal controls. Management expects to make progress towards reducing the risk that the material weaknesses could result in a material misstatement of the Company’s annual or interim financial statements. The Company is pursuing an independent assessment of our internal controls to evaluate specific weaknesses and as business conditions allow and resources permit, management will systematically build the necessary capabilities and infrastructure to implement corrective action.

(c) Changes in Internal Control over Financial Reporting

Other than those changes associated with our material weakness described above and the corresponding remediation actions, there was no change in our internal control over financial reporting, during our most recently completed last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III**Item 10. Directors, Executive Officers and Corporate Governance.*****Directors and Executive Officers***

The following table and biographical summaries set forth information, including principal occupation and business experience, about our directors and executive officers at March 24, 2017:

Name	Age	Position	Officer and/or Director Since
Mark Meller	57	Chairman, President, Chief Executive Officer and Director	2003
Crandall Melvin III	60	Chief Financial Officer	2015
Stanley Wunderlich	65	Director	2011
Joseph Macaluso	65	Director	2015

Mark Meller, Chief Executive Officer, President, Director

Mr. Mark Meller has been the President and Director of the Company since September 15, 2003, and was further appointed Chief Executive Officer on September 1, 2004. He became Chairman of the Board on May 10, 2009. Mr. Meller is currently the President, Chief Executive Officer and Chairman of the Board of Directors. From September 2003 through January 2015, he was Chief Financial Officer of the Company. From October 2004 until February 2007, Mr. Meller was the President, Chief Executive Officer, Chief Financial Officer and Director of Deep Field Technologies, Inc. From December 15, 2004 until September 2009, Mr. Meller was the President, Chief Executive Officer, Chief Financial Officer and Director of MM2 Group, Inc. From August 29, 2005 until August 2006, Mr. Meller was the President, Chief Executive Officer and Chief Financial Officer of iVoice Technology, Inc. From 1988 until 2003, Mr. Meller was Chief Executive Officer of Bristol Townsend and Co., Inc., a New Jersey based consulting firm providing merger and acquisition advisory services to middle market companies. From 1986 to 1988, Mr. Meller was Vice President of Corporate Finance and General Counsel of Crown Capital Group, Inc, a New Jersey based consulting firm providing advisory services for middle market leveraged buy-outs (LBO's). Prior to 1986, Mr. Meller was a financial consultant and practiced law in New York City. He is a member of the New York State Bar.

Mr. Meller has a B.A. from the State University of New York at Binghamton and a J.D. from the Boston University School of Law.

In evaluating Mr. Meller's specific experience, qualifications, attributes and skills in connection with his appointment to our board, we took into account his experience in the industry and his knowledge of running and managing the Company.

Crandall Melvin III, Chief Financial Officer

Crandall Melvin III combines over 30 years of experience in public accounting and industry, holding a number of senior management positions following a 5 year career in retail, commercial banking and equipment leasing. Mr. Melvin is also currently the CFO of SWK, the Company's operating subsidiary, and has been so since 2007.

From 2002 to 2006, he was Co-Founder and Chief Operating Officer of AMP-Best Consulting, Inc. ("AMP-Best") a company involved in software sales and implementation. AMP-Best was acquired by SWK Technologies in 2006. From 1993 to 2002, he worked in public accounting in Alaska and New York, and is currently a Certified Public Accountant licensed in the State of New York and also holds the designation of Certified Global Management Accountant. Mr. Melvin is also currently a director of Community Baseball of Central New York, Inc. the Minor League AAA affiliate of The Washington Nationals. Mr. Melvin has also served on boards of directors of various not-for-profit organizations located in the Syracuse Area.

Mr. Melvin has an undergraduate degree from the University of Southern California and an MBA from Syracuse University with additional graduate studies from the University of Alaska at Anchorage.

Stanley Wunderlich, Director

Mr. Stanley Wunderlich has over 40 years of experience on Wall Street as a business owner and consultant. Mr. Wunderlich is a founding partner and has been Chairman and Chief Executive Officer of Consulting for Strategic Growth 1, specializing in investor and media relations and the formation of capital for early-growth stage companies both domestic and international, from 2000 through the present. Since 1987, he has been the Chief Executive Officer of Consulting For Strategic Growth 1, Ltd.

Mr. Wunderlich has a Bachelor's degree from Brooklyn College.

In evaluating Mr. Wunderlich's experience, qualifications, attributes and skills in connection with his appointment to our Board, we took into account his experience in finance and investor relations.

Joseph Macaluso, Director

Joseph Macaluso has over 30 years of experience in financial management. Mr. Macaluso has been the Principal Accounting Officer of Tel-Instrument Electronics Corp., a developer and manufacturer of avionics test equipment for both the commercial and military markets since 2002. Previously, he had been involved in companies in the medical device and technology industries holding positions including Chief Financial Officer, Treasurer and Controller. He has a B.S. in Accounting from Fairfield University.

In evaluating Mr. Macaluso's specific experience, qualifications, attributes and skills in connection with his appointment to Board, we took into account his expertise in general management, finance, corporate governance and strategic planning, as well as his experience in operations and mergers and acquisitions.

Family Relationships

There are no family relationships among any of our directors or executive officers.

Board Composition and Director Independence

Our board of directors consists of three members: Mr. Mark Meller, Mr. Stanley Wunderlich, and Mr. Joseph Macaluso. The directors will serve until our next annual meeting and until their successors are duly elected and qualified. The Company defines "independent" as that term is defined in Rule 5605(a)(2) of the NASDAQ listing standards.

In making the determination of whether a member of the board is independent, our board considers, among other things, transactions and relationships between each director and his immediate family and the Company, including those reported under the caption "*Certain Relationships and Related-Party Transactions*". The purpose of this review is to determine whether any such relationships or transactions are material and, therefore, inconsistent with a determination that the directors are independent. On the basis of such review and its understanding of such relationships and transactions, our board affirmatively determined that Mr. Wunderlich and Mr. Macaluso have qualified as independent and that they have no material relationship with us that might interfere with his or her exercise of independent judgment.

Board Committees

Currently, the Audit Committee consists of Mr. Mark Meller, the Company's Chief Executive Officer and President, Mr. Stanley Wunderlich and Joseph Macaluso. The Audit Committee has two (2) independent members and Mr. Macaluso, Chairman of the Audit Committee, may be deemed a financial expert as defined in §228.401(e) of the regulations promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

The Company does not currently have a standing nominating committee or compensation committee but plans to implement such committees in the near future.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires the Company's directors, executive officers and persons who beneficially own 10% or more of a class of securities registered under Section 12 of the Exchange Act to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Directors, executive officers and greater than 10% stockholders are required by the rules and regulations of the SEC to furnish the Company with copies of all reports filed by them in compliance with Section 16(a).

Based solely on our review of certain reports filed with the Securities and Exchange Commission pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, the reports required to be filed with respect to transactions in our common stock during the fiscal year ended December 31, 2016, were timely.

Code of Ethics

The Company has adopted a Code of Ethics for adherence by its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Controller to ensure honest and ethical conduct; full, fair and proper disclosure of financial information in the Company’s periodic reports filed pursuant to the Securities Exchange Act of 1934; and compliance with applicable laws, rules, and regulations. Any person may obtain a copy of our Code of Ethics by mailing a request to the Company at the address appearing on the front page of this Annual Report on Form 10-K.

Legal Proceedings

There are no material proceedings to which any director or officer, or any associate of any such director or officer, is a party that is adverse to our Company our subsidiary or has a material interest adverse to our Company or our subsidiary. No director or executive officer has been a director or executive officer of any business which has filed a bankruptcy petition or had a bankruptcy petition filed against it during the past ten years. No director or executive officer has been convicted of a criminal offense or is the subject of a pending criminal proceeding during the past ten years. No director or executive officer has been the subject of any order, judgment or decree of any court permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities during the past ten years. No director or officer has been found by a court to have violated a federal or state securities or commodities law during the past ten years.

Item 11. Executive Compensation.

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officers paid by us during the years ended December 31, 2016 and 2015.

Name and Position(s)	Year	Salary(\$)	Bonus(\$)	Stock Awards(\$)	Option Awards(\$)	Non-Equity Incentive Plan Compensation(\$)	Nonqualified Deferred Compensation Earnings(\$)	All Other Compensation(\$)	Total Compensation(\$)
Mark Meller	2016	\$591,476	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 591,476
President, Chief Executive Officer, Chief Financial Officer and Director	2015	\$546,317	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 546,317
Crandall Melvin III(1)	2016	\$181,365	\$ 5,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 187,138
Chief Financial Officer	2015	\$183,653	\$ 15,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 199,153

(1) On January 29, 2015, Crandall Melvin III was appointed Chief Financial Officer of the Company. The compensation listed in the above table for Mr. Melvin was earned by him as the Chief Financial Officer of the Company’s wholly-owned subsidiary, SWK Technologies, Inc.

Mark Meller, Chief Executive Officer

The Company’s Chief Executive Officer and President has had an Employment Agreement with the Company since September 15, 2003. On February 4, 2016 (the “Effective Date”), the Company entered into an amended and restated employment agreement (the “Meller Employment Agreement”) with Mark Meller, pursuant to which Mr. Meller will continue to serve as the Company’s President and Chief Executive Officer.

The Meller Employment Agreement was entered into by the Company and Mr. Meller primarily to extend the term of Mr. Meller’s employment. The term of the Meller Employment Agreement is for an additional 7 years through September of 2023 (the “Term”) and shall automatically renew for additional periods of one year unless otherwise terminated in accordance with the terms therein. The Company will pay Mr. Meller an annual salary of \$565,000 per annum, with a ten percent (10%) increase on September 1 and every anniversary of such date for the duration of the Term.

Potential Payments upon Termination or Change in Control

The Meller Employment Agreement provides for a severance payment to Mr. Meller of three hundred percent (300%), less \$100,000 of his gross income for services rendered to the Company in each of the five prior calendar years should his employment be terminated following a change in control (as defined in the Meller Employment Agreement).

Outstanding Equity Awards at Fiscal Year-End 2016

The Company had no outstanding equity awards to the executives named above at the end of the most recent completed fiscal year.

Director Compensation

We pay only our independent directors for their service on our board of directors. Mr. Wunderlich will be paid \$1,000 per month, payable at the end of each fiscal quarter for his service as a member of the board. Mr. Macaluso will be paid \$1,500 per month, payable at the end of each fiscal quarter for his service as a member of the board and as Chairman of the Audit Committee.

The following Director Compensation Table sets forth the compensation of our directors for the fiscal year ending on December 31, 2016.

Director Compensation for Fiscal 2016

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Non-Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Stanley Wunderlich	12,000	—	—	—	—	—	12,000
Joseph Macaluso(1)	18,000	—	—	—	—	—	18,000

(1) Joseph Macaluso was appointed as a director on January 29, 2015.

Director Agreements

On July 26, 2011, we entered into a director agreement with Stanley Wunderlich, pursuant to which Mr. Wunderlich was appointed to the Board effective July 26, 2011. On August 3, 2011 the Company entered into an amended and restated director agreement (the "Amended Agreement"). The term of the Amended Agreement is one year from August 3, 2011. The Amended Agreement may, at the option of the Board, be automatically renewed on such date that Mr. Wunderlich is re-elected to the Board. In connection with a recapitalization of the Company in 2012, Mr. Wunderlich and the Company agreed to amend the Amended Director Agreement to (i) change the Stipend to \$1,000 per month, payable quarterly; (ii) to forego the issuance of any warrants due to Wunderlich under the Amended Agreement; and (iii) to cancel the future issuance of any warrants due to Mr. Wunderlich under the Amended Agreement. To date no warrants have been issued pursuant to this agreement.

On January 29, 2015, we entered into a director agreement ("Macaluso Director Agreement") with Joseph Macaluso, pursuant to which Mr. Macaluso was appointed to the Board effective January 29, 2015 (the "Effective Date"). The Macaluso Director Agreement may, at the option of the Board, be automatically renewed on such date that Mr. Macaluso is re-elected to the Board. Under the Macaluso Director Agreement, Mr. Macaluso is to be paid a stipend of one thousand five hundred dollars (\$1,500) (the "Stipend") per month, payable at the end of each fiscal quarter. Additionally, Mr. Macaluso shall receive warrants (the "Warrants") to purchase such number of shares of the Company's Common Stock, as shall equal (the "Formula") (A) \$20,000 divided by (B) the closing price of the Common Stock on the OTC Markets on the date of grant of the Warrant. The exercise price of the Warrant shall be the closing price on the date of the grant of such Warrant (the "Grant Date") plus \$0.01. The Warrant shall be fully vested upon receipt thereof (the "Vesting Date").

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of March 24, 2017 by (a) each stockholder who is known to us to own beneficially 5% or more of our outstanding Common Stock; (b) all directors; (c) our executive officers, and (d) all executive officers and directors as a group. Except as otherwise indicated, all persons listed below have (i) sole voting power and investment power with respect to their shares of Common Stock, except to the extent that authority is shared by spouses under applicable law, and (ii) record and beneficial ownership with respect to their shares of Common Stock.

For purposes of this table, a person or group of persons is deemed to have “beneficial ownership” of any shares of Common Stock that such person has the right to acquire within 60 days of March 24, 2017. For purposes of computing the percentage of outstanding shares of our Common Stock held by each person or group of persons named above, any shares that such person or persons has the right to acquire within 60 days of March 24, 2017 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership. Unless otherwise identified, the address of our directors and officers is c/o SilverSun Technologies, Inc. at 120 Eagle Rock Ave, Suite 330, East Hanover, NJ 07936.

	Number of Shares of Common Stock Beneficially Owned	Percentage of Ownership of Common Stock (1)	Outstanding Preferred Stock	Percentage Ownership of Preferred Stock (3)
5% Beneficial Shareholders				
Jeffrey Roth (2)	1,069,483	23.82%	-	-
Officers and Directors				
Mark Meller Chief Executive Officer, President and Chairman	2,006,534	44.69%	1	100%
Crandall Melvin III Chief Financial Officer	74,589	1.66%	-	-
Joseph P. Macaluso Director	3,333	*	-	-
Stanley Wunderlich Director	23,334	*	-	-
Officers and Directors as a Group (4 persons)	2,107,790	46.95%	1	100%

* denotes less than 1%

- (1) Based on 4,489,903 shares of Common Stock outstanding as of March 24, 2017. Shares of Common Stock subject to options or warrants currently exercisable or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage of any other person.
- (2) Mr. Roth is a former employee of SWK Technologies, Inc, a wholly-owned subsidiary of SilverSun Technologies, Inc.
- (3) On July 28, 2016 the Company entered into a Series B Preferred Stock Purchase Agreement with the Company’s Chief Executive Officer, Mr. Mark Meller, pursuant to which Mr. Meller was issued the only share of the Company’s authorized but unissued Series B Preferred Stock. Mr. Meller was issued one (1) share of Series B Preferred Stock for (i) \$100 in cash and (ii) as partial consideration for Mr. Meller’s personal guarantee of the Revolving Demand Note. One (1) share of the Series B Preferred Stock has voting rights equal to (x) the total issued and outstanding Common Stock eligible to vote at the time of the respective vote divided by (y) forty-nine one-hundredths (0.49) minus (z) the total issued and outstanding Common Stock eligible to vote at the time of the respective vote. For the avoidance of doubt, if the total issued and outstanding Common Stock eligible to vote at the time of the respective vote is 5,000,000, the voting rights of the Series B Preferred Stock shall be equal to 5,204,082 (e.g. $(5,000,000 / 0.49) - 5,000,000 = 5,204,082$). The Series B Preferred Stock has the rights, privileges, preferences and restrictions set for in the Certificate of Designation filed by the Corporation with the Secretary of State of the State of Delaware on September 23, 2011.

DESCRIPTION OF SECURITIES

In the discussion that follows, we have summarized selected provisions of our certificate of incorporation, bylaws and the Delaware General Corporation Law relating to our capital stock. This summary is not complete. This discussion is subject to the relevant provisions of Delaware law and is qualified by reference to our certificate of incorporation and our bylaws. You should read the provisions of our certificate of incorporation and our bylaws as currently in effect for provisions that may be important to you.

On February 4, 2015 the Company effected the Reverse Stock Split and every thirty (30) shares of outstanding Common Stock decreased to one (1) share of Common Stock. Similarly, the number of shares of Common Stock into which each outstanding option and warrant to purchase Common Stock is to be exercisable decreased on 1-for-30 basis and the exercise price of each outstanding option and warrant to purchase Common Stock increased proportionately.

On January 29, 2015 the Company filed an amendment to its fourth amended and restated certificate of incorporation (the "Amendment") with the Secretary of State of Delaware. The Amendment (i) reflected the Reverse Stock Split; (ii) combined the Company's Class A Common Stock, par value \$0.00001 per share (the "Class A Common Stock") and the Company's Class B Common Stock, par value \$0.00001 per share (the "Class B Common Stock") into one class of general common stock, par value \$0.00001 (the "Common Stock"); and (iii) reduced the number of authorized shares of Common Stock from 750,000,000 to 75,000,000.

Authorized Capital Stock

We are authorized to issue up to 76,000,000 shares of capital stock consisting of: 75,000,000 shares of Common Stock, par value \$0.00001 per share and 1,000,000 shares of preferred stock, par value of \$0.001 per share. As of March 24, 2017, 4,489,903 shares of Common Stock were issued and outstanding, 1 share of Series B Preferred Stock was issued and outstanding and 143,576 and 203,253 shares of Common Stock were reserved for issuance under our outstanding options and warrants, respectively as described below.

Common Stock

Each holder of our Common Stock is entitled to one vote for each share held of record. Holders of our Common Stock have no preemptive, subscription, conversion, or redemption rights. Upon liquidation, dissolution or winding-up, the holders of Common Stock are entitled to receive our net assets pro rata. Each holder of Common Stock is entitled to receive ratably any dividends declared by our board of directors out of funds legally available for the payment of dividends. We have not paid any dividends on our Common Stock and do not contemplate doing so in the foreseeable future. We anticipate that any earnings generated from operations will be used to finance our growth.

Preferred Stock

The Company's certificate of incorporation authorizes the issuance of 1,000,000 shares of Preferred Stock, par value \$0.001 per share from time to time.

Our board of directors is authorized (by resolution and by filing an amendment to our certificate of incorporation and subject to limitations prescribed by the General Corporation Law of the State of Delaware) to issue, from time to time, shares of Preferred Stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences and other rights of the shares of each such series and to fix the qualifications, limitations and restrictions thereon, including, but without limiting the generality of the foregoing, the following:

- the number of shares constituting that series and the distinctive designation of that series;
- the dividend rate on the shares of that series, whether dividends are cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;
- whether that series has voting rights, in addition to voting rights provided by law, and, if so, the terms of those voting rights;
- whether that series has conversion privileges, and, if so, the terms and conditions of conversion, including provisions for adjusting the conversion rate in such events as our board of directors determines;
- whether or not the shares of that series are redeemable, and, if so, the terms and conditions of redemption, including the dates upon or after which they are redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

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- whether that series has a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of that sinking fund;
- the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment of shares of that series; and
- any other relative powers, preferences and rights of that series, and qualifications, limitations or restrictions on that series.

If we liquidate, dissolve or wind up our affairs, whether voluntarily or involuntarily, the holders of Preferred Stock of each series will be entitled to receive only that amount or those amounts as are fixed by the certificate of designations or by resolution of the board of directors providing for the issuance of that series.

Series A Preferred Stock

The Series A Convertible Preferred Stock (“Series A”), has the rights, preferences, privileges, powers and restrictions set forth in the Certificate of Designation filed with the Secretary of State of Delaware. The Company has the right to convert, at its sole option, each share of Series A into Common Stock equal to 1% of the outstanding shares of Common Stock at the time of conversion. Each one share of Series A shall entitle the Series A Holder to voting rights equal to 2,666,667 votes of Common Stock.

On January 12, 2012, all Series A Convertible Preferred Stock was converted into 2,385,650 shares of Common Stock.

Series B Preferred Stock

The Series B Preferred Stock has the rights, privileges, preferences and restrictions set forth in the Certificate of Designation (the “Certificate of Designation”) filed by the Corporation with the Secretary of State of the State of Delaware (“Delaware Secretary of State”) on September 23, 2011.

In the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, the Series B Preferred holders shall be entitled to receive, on parity with the Common Stock holders, assets of the Company available for distribution to the holders of capital stock of the Company. The holders of Series B preferred shall not have any priority of preference with respect to any assets of the Company.

So long as any shares of Series B Preferred are outstanding, the Company shall not, without first obtaining the unanimous written consent of the holders of Series B Preferred, alter or change the rights, preferences or privileges of the Series B Preferred so as to affect adversely the holders of Series B Preferred.

Each share of the Series B Preferred shall have voting rights equal to (x) the total issued and outstanding Common Stock and preferred stock eligible to vote at the time of the respective vote divided by (y) forty nine one-hundredths (0.49) minus (z) the total issued and outstanding Common Stock and preferred stock eligible to vote at the time of the respective vote. For the avoidance of doubt, if the total issued and outstanding Common Stock eligible to vote at the time of the respective vote is 5,000,000, the voting rights of the Series B Preferred Stock shall be equal to 5,204,082 (e.g. $(5,000,000 / 0.49) - 5,000,000 = 5,204,082$).

On September 23, 2011, SilverSun Technologies, Inc., entered into a Series B preferred stock purchase agreement (the “Preferred Stock Purchase Agreement”) with Mr. Meller, pursuant to which Mr. Meller was issued one authorized share of Series B Preferred Stock (“Series B”), par value \$0.001 per share. Mr. Meller was issued one share of Series B as partial consideration for personally guaranteeing repayment of the Notes. The Company had authorized 1 share of Series B Preferred Stock, of which 1 share was issued and outstanding. On March 29, 2015, Mr. Meller returned and cancelled his one share of Series B Preferred Stock (the “Series B Preferred”) to the Company. Also on March 29, 2015, subject to shareholder approval, the Board approved the cancellation of the Company’s Series B Preferred Stock certificate of designation. The Company subsequently did not receive shareholder approval for the cancellation of the Series B Preferred designation and the series B Preferred remained authorized but unissued.

On July 28, 2016, Mr. Meller purchased 1 share of the previously authorized but unissued Series B Preferred Stock for \$100 and as partial consideration for Mr. Meller personally guaranteeing a revolving note with a commercial lender.

Dividends

On January 11, 2016, the Company announced the payment of a \$0.06 special cash dividend per share of Common Stock. The dividend payments announced in January was paid out on January 20, 2016 for an aggregate amount of approximately \$265,000, which was applied against additional paid in capital. The declaration of any future cash dividends is at the discretion of our board of directors and depends upon our earnings, if any, our capital requirements and financial position, our general economic conditions, and other pertinent conditions.

On January 23, 2017, the Company announced the payment of a \$0.02 special cash dividend per share of Common Stock. The dividend payments announced in January was paid out on January 31, 2017 for an aggregate amount of \$89,566, which was applied against additional paid in capital. The declaration of any future cash dividends is at the discretion of our board of directors and depends upon our earnings, if any, our capital requirements and financial position, our general economic conditions, and other pertinent conditions. It is our present intention not to pay any cash dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations.

Warrants

As of March 24, 2017 there are 203,253 outstanding warrants to purchase shares of our Common Stock.

Exercisability. The warrants are exercisable upon vesting schedule at any time up to the date that is five (5) years from the date of issuance. The warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice accompanied by payment in full for the number of shares of our common stock purchased upon such exercise (except in the case of a cashless exercise as discussed below). Each warrant will be exercisable to purchase one share of common stock, subject to certain adjustments. Unless otherwise specified in the warrant, the holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% of the number of shares of our common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants.

Cashless Exercise. The holder may, in its sole discretion, exercise the warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to us upon such exercise in payment of the aggregate exercise price, elect instead to receive upon such exercise the net number of shares of common stock determined according to the formula set forth in the warrant. In no event shall we be required to make any cash payments or net cash settlement to the registered holder in lieu of issuance of common stock underlying the warrants.

Exercise Price. The initial exercise price per share of common stock purchasable upon exercise of the warrants are between \$5.09 and \$6.00 per share. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common stock and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Certain Adjustments. The exercise price and the number of shares of common stock purchasable upon the exercise of the warrants are subject to adjustment upon the occurrence of specific events, including stock dividends, stock splits, combinations and reclassifications of our common stock.

Transferability. Subject to applicable laws, the warrants may be transferred at the option of the holders upon surrender of the warrants to us together with the appropriate instruments of transfer.

Fundamental Transaction. If, at any time while the warrants are outstanding, (1) we consolidate or merge with or into another corporation and we are not the surviving corporation, (2) we sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of our assets, (3) any purchase offer, tender offer or exchange offer (whether by us or another individual or entity) is completed pursuant to which holders of our shares of common stock are permitted to sell, tender or exchange their shares of common stock for other securities, cash or property and has been accepted by the holders of 50% or more of our outstanding shares of common stock, (4) we effect any reclassification or recapitalization of our shares of common stock or any compulsory share exchange pursuant to which our shares of common stock are converted into or exchanged for other securities, cash or property, or (5) we consummate a stock or share purchase agreement or other business combination with another person or entity whereby such other person or entity acquires more than 50% of our outstanding shares of common stock (each, a "Fundamental Transaction"), then upon any subsequent exercise of the warrants, the holders thereof will have the right to receive the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of warrant shares then issuable upon exercise of the warrant, and any additional consideration payable as part of the Fundamental Transaction.

Rights as a Stockholder. Except as otherwise provided in the warrants or by virtue of such holder's ownership of shares of our common stock, the holder of a warrant does not have the rights or privileges of a holder of our common stock, including any voting rights, until the holder exercises the warrant.

Options and Stock Awards

There are 143,576 outstanding options to purchase our securities.

In March 2015, the Company granted 10,000 incentive stock options with an exercise price of \$4.00 per option to Ms. Karen Espinoza McGarrigle under the 2004 Stock Incentive Plan. The Options shall vest at 20% year over year for five years.

In October 2015, the Company granted 25,000 incentive stock options with an exercise price of \$3.66 per option to Ms. Mary Abdian under the 2004 Stock Incentive Plan. The Options shall vest at 20% year over year for five years.

Anti-Takeover Provisions

Provisions of the Delaware General Corporation Law ("DGCL") and our certificate of incorporation and bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in improved terms for our stockholders.

Delaware Anti-Takeover Statute. We were subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless the business combination or the acquisition of shares that resulted in a stockholder becoming an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, including discouraging attempts that might result in a premium over the market price for the shares of Common Stock held by stockholders.

As of March 24, 2017, we are not subject to Section 203 of the DGCL because we do not have a class of voting stock that is listed on a national securities exchange or held of record by more than 2,000 stockholders and we have not elected by a provision in our original certificate of incorporation to be governed by Section 203. Unless we adopt an amendment of our certificate of incorporation by action of our stockholders expressly electing not to be governed by Section 203, we would generally become subject to Section 203 of the DGCL at such time that we have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 stockholders, except that the restrictions contained in Section 203 would not apply if the business combination is with an interested stockholder who became an interested stockholder before the time that we have a class of voting stock that is either listed on a national securities exchange or held of record by more than 2,000 stockholders.

Amendments to Our Certificate of Incorporation. Under the DGCL, the affirmative vote of a majority of the outstanding shares entitled to vote thereon and a majority of the outstanding stock of each class entitled to vote thereon is required to amend a corporation's certificate of incorporation. Under the DGCL, the holders of the outstanding shares of a class of our capital stock shall be entitled to vote as a class upon a proposed amendment, whether or not entitled to vote thereon by the certificate of incorporation, if the amendment would:

- increase or decrease the aggregate number of authorized shares of such class;
- increase or decrease the par value of the shares of such class; or
- alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely.

If any proposed amendment would alter or change the powers, preferences or special rights of one or more series of any class of our capital stock so as to affect them adversely, but shall not so affect the entire class, then only the shares of the series so affected by the amendment shall be considered a separate class for the purposes of this provision.

Vacancies in the Board of Directors. Our bylaws provide that, subject to limitations, any vacancy occurring in our board of directors for any reason may be filled by a majority of the remaining members of our board of directors then in office, even if such majority is less than a quorum. Each director so elected shall hold office until the expiration of the term of the other directors. Each such directors shall hold office until his or her successor is elected and qualified, or until the earlier of his or her death, resignation or removal.

Special Meetings of Stockholders. Under our bylaws, special meetings of stockholders may be called by the directors or by any officer instructed by the directors to call the meeting. Under the DGCL, written notice of any special meeting must be given not less than 10 nor more than 60 days before the date of the special meeting to each stockholder entitled to vote at such meeting.

No Cumulative Voting. The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation does not provide for cumulative voting.

Item 13. Certain Relationships and Related Transactions.

The Company leases its North Syracuse office space from its current CFO, Crandall Melvin III. The monthly rent for this office space is \$2,100.

The Company leases its Seattle office space from a current employee, Mary Abdian. The monthly rent for this office space is \$3,090.

Director Independence

The common stock of the Company is currently quoted on the OTCQB, quotation systems which currently do not have director independence requirements. On an annual basis, each director and executive officer will be obligated to disclose any transactions with the Company in which a director or executive officer, or any member of his or her immediate family, have a direct or indirect material interest in accordance with Item 407(a) of Regulation S-K. Following completion of these disclosures, the Board will make an annual determination as to the independence of each director using the current standards for "independence" that satisfy the criteria for the Nasdaq.

As of December 31, 2016, the Board determined that Mr. Wunderlich and Mr. Macaluso were independent.

Item 14. Principal Accountant Fees and Services.

The following table sets forth fees billed to the Company by the Company's independent auditors for (i) services rendered for the audit of the Company's annual financial statements and the review of the Company's quarterly financial statements, (ii) services rendered that are reasonably related to the performance of the audit or review of the Company's financial statements that are not reported as Audit Fees, and (iii) services rendered in connection with tax preparation, compliance, advice and assistance.

<u>Services</u>	<u>2016</u>	<u>2015</u>
Audit Fees	\$ 90,000	\$ 94,100
Audit - Related Fees	-	36,900
Tax fees	15,000	18,700
All Other Fees (a)	-	36,700
Total	<u>\$ 105,000</u>	<u>\$ 186,400</u>

- (a) All other fees include fees primarily for review and other services related to securities registration documents, assistance with other document reviews and assistance with revenue agent examination.

Prior to engaging our accountants to perform a particular service, our Audit Committee obtains an estimate for the service to be performed. All of the services described above were approved by the Audit Committee in accordance with its procedures.

PART IV**Item 15. Exhibits.****(a)**

Exhibit No.	Description
2.1	Asset Purchase Agreement, dated March 11, 2015, by and among SWK Technologies, Inc., 2000Soft, Inc. d/b/a Accounting Technology Resources and Karen Espinoza McGarrigle. (incorporated by reference to Exhibit 2.1 on the Company's current report on Form 8-K filed with the SEC on March 17, 2015).
2.2	Form of Asset Purchase Agreement, dated July 6, 2015, by and among SWK Technologies, Inc., ProductiveTech, Inc. a New Jersey corporation John McPoyle and Kevin Snyder (incorporated herein by reference to Exhibit 2.1 on Form 8-K, filed with the SEC on July 10, 2015)
3.1	Second Amended Certificate of incorporation of SilverSun Technologies, Inc., filed September 5, 2003 (incorporated herein by reference to Exhibit 3.1 of the registration statement on Form SB-2, filed with the SEC on November 25, 2003).
3.2	By-laws of iVoice, Inc., a New Jersey corporation, incorporated herein by reference to Exhibit 3.2 of the Registrant's Form 10-QSB for the period ended March 31, 2003.
3.3	Fourth Amended and Restated Certificate of incorporation of SilverSun Technologies, Inc.,(incorporated herein by reference to Exhibit 3.1 on Form 8-K, dated June 27, 2011, filed with the SEC on June 30, 2011).
3.4	Amendment to the Bylaws of the Company (incorporated herein by reference to Exhibit 3.2 on Form 8-K, dated June 27, 2011, filed with the SEC on June 30, 2011)
4.1	iVoice Acquisition 1, Inc. 5% Convertible Debenture due March 20, 2005 issued to Elma S. Foin (incorporated herein by reference to Exhibit 4.2 of the registration statement on Form SB-2, filed with the SEC on December 22, 2003).
4.2	iVoice Acquisition 1, Inc. 5% Convertible Debenture due March 20, 2005 issued to Darryl A. Moy (incorporated herein by reference to Exhibit 4.2 of the registration statement on Form SB-2, filed with the SEC on December 22, 2003).
4.3	iVoice Acquisition 1, Inc. 5% Convertible Debenture due March 20, 2005 issued to Henry Tyler (incorporated herein by reference to Exhibit 4.2 of the registration statement on Form SB-2, filed with the SEC on December 22, 2003).
4.4	SilverSun Technologies, Inc. 7.5% Secured Convertible Debenture, for a value of \$600,000, due December 30, 2007 to YA Global (f/k/a/ Cornell Capital Partners, LP).
4.5	SilverSun Technologies, Inc. 7.5% Secured Convertible Debenture, for a value of \$1,159,047, due December 30, 2007 to YA Global (f/k/a/ Cornell Capital Partners, LP).
4.6	Certificate of Designation of Series A Convertible Preferred Stock, incorporated herein by reference to Exhibit 4.1 on Form 8-K, dated May 4, 2011, filed with the SEC on May 12, 2011.
4.7	Certificate of Designation of Series B Preferred Stock, incorporated herein by reference to Exhibit 4.1 on Form 8-K, dated September 23, 2011, filed with the SEC on September 27, 2011.
10.1	Employment Agreement, dated January 1, 2003, between iVoice Acquisition 1, Inc. and Jerome Mahoney. (incorporated herein by reference to Exhibit 10.8 of the Registration Statement on Form SB-2 filed on November 25, 2003).
10.2	Employment Agreement, dated September 15, 2003, between SilverSun Technologies, Inc. and Mark Meller. (incorporated herein by reference to Exhibit 10.8 of the Registration Statement on Form SB-2 filed on November 25, 2003).
10.3	Equity Line of Credit Agreement dated January 24, 2003 between Cornell Capital Partners, LP, and iVoice Acquisition 1, Inc. (incorporated herein by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed with the SEC on May 12, 2003)
10.4	Registration Rights Agreement dated January 24, 2003 between Cornell Capital Partners, LP, and iVoice Acquisition 1, Inc. (incorporated herein by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed with the SEC on May 12, 2003).
10.5	Stock Purchase Agreement dated January 24, 2003 between iVoice Acquisition 1, Inc. and listed Buyers (incorporated herein by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed with the SEC on May 12, 2003).
10.6	Placement Agreement dated January 24, 2003 between iVoice Acquisition 1, Inc. and Cornell Capital Partners LP. (incorporated herein by reference to Exhibit 10.5 of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed with the SEC on May 12, 2003).
10.7	Termination Agreement dated December 30, 2005 between YA Global (f/k/a/ Cornell Capital Partners, LP). and SilverSun Technologies, Inc.

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10.8	Escrow Agreement dated December 30, 2005 between David Gonzalez, Esq. And SilverSun Technologies, Inc.
10.9	Securities Purchase Agreement dated December 30, 2005 between YA Global (f/k/a/ Cornell Capital Partners, LP). and SilverSun Technologies, Inc.
10.10	Investor Rights Agreement dated December 30, 2005 between YA Global (f/k/a/ Cornell Capital Partners, LP). and SilverSun Technologies, Inc.
10.11	Amended and Restated Security Agreement dated December 30, 2005 between YA Global (f/k/a/ Cornell Capital Partners, LP). and SilverSun Technologies, Inc.
10.12	Securities Purchase Agreement dated May 6, 2009 by and among SilverSun Technologies, SWK Technologies, Inc., Jeffrey D. Roth and Jerome R. Mahoney. (incorporated herein by reference to Exhibit 10.1 on Form 10-K, dated May 9, 2009, filed with the SEC on May 26, 2009).
10.13	Termination Settlement Agreement dated May 6, 2009 by and among SilverSun Technologies, SWK Technologies, Inc., Jeffrey D. Roth and Jerome R. Mahoney. (incorporated herein by reference to Exhibit 10.1 on Form 10-K, dated May 9, 2009, filed with the SEC on May 26, 2009).
10.14	Promissory notes, dated April 11, 2011 among SilverSun Technologies, Inc and accredited investors (incorporated herein by reference to Exhibit 10.1 on Form 8-K, dated April 11, 2011, filed with the SEC on April 15, 2011).
10.15	Form of Preferred Stock Purchase Agreement (incorporated by reference to Exhibit 10.2 on the Company's current report on Form 8-K filed with the SEC on May 12, 2011).
10.16	Amended Agreement by and between the Company and Mr. Stanley Wunderlich (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed with the SEC on August 3, 2011).
10.17	Form of Warrant (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed with the SEC on August 3, 2011).
10.18	Loan and Security Agreement by and between the Company, its subsidiary SWK Technologies, Inc and a commercial lender (incorporated herein by reference to Exhibit 10.18 of the Annual Report on Form 10-K for the period ended December 31, 2011, filed with the SEC on March 29, 2012).
10.19	Audit Committee Charter(incorporated herein by reference to Exhibit 10.19 of the Annual Report on Form 10-K for the period ended December 31, 2011, filed with the SEC on March 29, 2012).
10.20	Form of Purchase Agreement, dated June 14, 2012, by and among SWK Technologies, the Company's wholly-owned subsidiary, Neil Wolf, Esq., not individually, but solely in his capacity as Trustee-Assignee of the Trust Agreement and Assignment for the Benefit of the Creditors of Hightower, Inc., Hightower, Inc., and the Stockholders of Hightower, Inc. (incorporated by reference to Exhibit 2.1 on the Company's current report on Form 8-K filed with the SEC on June 20, 2012).
10.21	Promissory Note, dated March 11, 2015, issued in favor of 2000Soft, Inc. d/b/a Accounting Technology Resources, a California corporation (incorporated by reference to Exhibit 10.1 on the Company's current report on Form 8-K files with the SEC on March 17, 2015).
10.22	Form of Promissory Note, dated July 6, 2015, issued in favor of ProductiveTech, Inc., a New Jersey corporation (incorporated herein by reference to Exhibit 10.1 on Form 8-K, filed with the SEC on July 10, 2015)
10.23	Amended and Restated Employment Agreement, dated February 4, 2016, between Mark Meller and Silversun Technologies, Inc. (incorporated herein by reference to Exhibit 10.1 on Form 8-K, filed with the SEC on February 5, 2016).
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 filed with the Registrant's Form 10-KSB for the fiscal year ended December 31, 2003).
31.1 *	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herein.</u>
31.2 *	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herein.</u>
32.1 *	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herein.</u>
32.2 *	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant t to Section 906 of the Sarbanes-Oxley Act of 2002 filed herein.</u>
101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Extension Schema
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase
101.DEF *	XBRL Taxonomy Extension Definition Linkbase
101.LAB *	XBRL Taxonomy Extension Label Linkbase
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SILVERSUN TECHNOLOGIES, INC.

Date: March 24, 2017

By: /s/ Mark Meller
Mark Meller
Principal Executive Officer

Date: March 24, 2017

By: /s/ Crandall Melvin III
Crandall Melvin III
Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Position</u>	<u>Date</u>
<u>/s/ Mark Meller</u> Mark Meller	Principal Executive Officer	March 24, 2017
<u>/s/ Stanley Wunderlich</u> Stanley Wunderlich	Director	March 24, 2017
<u>/s/ Joseph Macaluso</u> Joseph Macaluso	Director	March 24, 2017
<u>/s/ Crandall Melvin III</u> Crandall Melvin III	Principal Financial Officer	March 24, 2017

PART F/S
INDEX TO FINANCIAL STATEMENTS
AUDITED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders' of
SilverSun Technologies, Inc.

We have audited the accompanying consolidated balance sheets of SilverSun Technologies, Inc. and Subsidiary (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the two years in the period ended December 31, 2016. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards established by the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

/s/Friedman LLP
East Hanover, NJ
March 24, 2017

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,621,049	\$ 1,193,313
Accounts receivable, net of allowance of \$375,000	2,501,621	2,477,301
Unbilled services	463,563	741,543
Prepaid expenses and other current assets	331,094	443,619
Deferred tax assets - current	<u>355,000</u>	<u>38,000</u>
Total current assets	<u>5,272,327</u>	<u>4,893,776</u>
Property, plant and equipment, net	466,202	425,347
Intangible assets, net	2,431,111	2,571,537
Goodwill	401,000	401,000
Deferred tax assets	2,059,902	162,000
Deposits and other assets	<u>28,887</u>	<u>29,889</u>
Total assets	<u>\$ 10,659,429</u>	<u>\$ 8,483,549</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,822,071	\$ 1,594,100
Accrued expenses	823,591	821,586
Accrued interest	15,533	14,817
Income taxes payable	177,466	250,284
Contingent consideration – current portion	180,029	128,434
Long term debt – current portion	306,677	300,033
Capital lease obligations – current portion	94,714	90,167
Deferred revenue	<u>1,690,147</u>	<u>2,369,999</u>
Total current liabilities	5,110,228	5,569,420
Contingent consideration net of current portion	31,685	272,213
Long term debt net of current portion	486,473	793,150
Capital lease obligations net of current portion	60,127	92,445
Convertible note payable	<u>-</u>	<u>200,000</u>
Total liabilities	<u>5,688,513</u>	<u>6,927,228</u>
Commitments and Contingencies		
Stockholders' equity:		
Preferred Stock, \$0.001 par value; authorized 1,000,000 shares	-	-
Series A Preferred Stock, \$0.001 par value; authorized 2 shares No shares issued and outstanding	-	-
Series B Preferred Stock, \$0.001 par value; authorized 1 share; 1 and -0- share issued and outstanding	1	-
Common stock:		
Par value \$0.00001; authorized 75,000,000 shares 4,477,403 and 4,410,736 shares issued and outstanding	46	45
Additional paid-in capital	12,176,642	12,198,448
Accumulated deficit	<u>(7,205,773)</u>	<u>(10,642,172)</u>
Total stockholders' equity	<u>4,970,916</u>	<u>1,556,321</u>
Total liabilities and stockholders' equity	<u>\$ 10,659,429</u>	<u>\$ 8,483,549</u>

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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	For the Years Ended	
	December 31,	December 31,
	2016	2015
Revenues:		
Software product, net	\$ 4,707,546	\$ 4,234,968
Service, net	29,414,424	23,407,014
Total revenues, net	<u>34,121,970</u>	<u>27,641,982</u>
Cost of revenues:		
Product	2,485,141	2,084,246
Service	18,909,587	14,714,202
Total cost of revenues	<u>21,394,728</u>	<u>16,798,448</u>
Gross profit	<u>12,727,242</u>	<u>10,843,534</u>
Operating expenses:		
Selling and marketing expenses	4,358,234	4,304,224
General and administrative expenses	6,374,210	5,635,571
Share-based compensation	42,795	60,860
Depreciation and amortization	684,660	485,091
Total operating expenses	<u>11,459,899</u>	<u>10,485,746</u>
Income from operations	<u>1,267,343</u>	<u>357,788</u>
Other (expense) income:		
Interest expense, net	(64,678)	(57,483)
Other income	10,000	134,000
Total other (expense) income	<u>(54,678)</u>	<u>76,517</u>
Income before income taxes	1,212,665	434,305
Income tax (benefit) provision	<u>(2,223,734)</u>	<u>60,000</u>
Net income	<u>\$ 3,436,399</u>	<u>\$ 374,305</u>
Basic and diluted net income per common share		
Basic	<u>\$ 0.78</u>	<u>\$ 0.09</u>
Diluted	<u>\$ 0.77</u>	<u>\$ 0.09</u>
Weighted average shares outstanding:		
Basic	<u>4,414,743</u>	<u>4,301,782</u>
Diluted	<u>4,473,403</u>	<u>4,318,449</u>

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

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Accumulated Equity (Deficit)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2015	-	\$ -	1	\$ 1	3,959,064	\$ 40	\$11,030,043	\$ (11,016,477)	\$ 13,607
Roundup of fractional shares	-	-	-	-	8,698	-	-	-	-
Issuance of common stock for services	-	-	-	-	15,000	-	36,300	-	36,300
Issuance of common stock for acquisition	-	-	-	-	64,484	1	259,225	-	259,226
Cancellation of preferred share	-	-	(1)	(1)	-	-	1	-	-
Issuance of common stock, net of fees	-	-	-	-	363,490	4	812,019	-	812,023
Share-Based Compensation	-	-	-	-	-	-	40,860	-	40,860
Stock warrants in exchange for services	-	-	-	-	-	-	20,000	-	20,000
Net loss	-	-	-	-	-	-	-	374,305	374,305
Balance at December 31, 2015	-	\$ -	-	\$ -	4,410,736	\$ 45	\$12,198,448	\$ (10,642,172)	\$ 1,556,321
Issuance of preferred share	-	-	1	1	-	-	99	-	100
Convertible note conversion into common stock	-	-	-	-	66,667	1	199,999	-	200,000
Cash Dividend	-	-	-	-	-	-	(264,699)	-	(264,699)
Share-Based Compensation	-	-	-	-	-	-	42,795	-	42,795
Net income	-	-	-	-	-	-	-	3,436,399	3,436,399
Balance at December 31, 2016	-	\$ -	1	\$ 1	4,477,403	\$ 46	\$12,176,642	\$ (7,205,773)	\$ 4,970,916

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

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net income	\$ 3,436,399	\$ 374,305
Adjustments to reconcile net income to net cash Provided by operating activities:		
Gain on sale of Beerrun	-	(134,000)
Deferred income taxes	(2,214,902)	(162,000)
Depreciation and amortization	232,316	165,597
Amortization of intangibles	452,344	319,495
Provision for bad debts	-	250,000
Share-based compensation	42,795	40,860
Common stock issued in exchange for services	-	36,300
Stock warrants in exchange for services	-	20,000
Changes in certain assets and liabilities:		
Accounts receivable	(24,320)	(269,658)
Unbilled services	277,980	(501,174)
Prepaid expenses and other current assets	112,525	(135,518)
Deposits and other assets	1,002	836
Accounts payable	227,970	(175,295)
Accrued expenses	2,005	27,429
Income tax payable	(72,818)	174,284
Accrued interest	716	102
Deferred revenues	(679,852)	95,096
Net cash provided by operating activities	<u>1,794,160</u>	<u>126,659</u>
Cash flows from investing activities:		
Proceeds from sale of Beerrun	-	134,000
Software development costs	(311,917)	-
	-	(709,893)
Acquisition of business		
Purchases of property and equipment	(184,802)	(67,483)
Net cash (used in) investing activities	<u>(496,719)</u>	<u>(643,376)</u>
Cash flows from financing activities:		
Payment of cash dividend	(264,699)	-
Proceeds from issuance of preferred stock	100	-
Proceeds from issuance of common stock and warrants, net of fees	-	812,023
Repayment of contingent consideration	(188,933)	(49,980)
Repayments of long term debt	(300,033)	(274,321)
Principal payment under capital lease obligations	(116,140)	(86,029)
Net cash (used in) provided by financing activities	<u>(869,705)</u>	<u>401,693</u>
Net increase (decrease) in cash and cash equivalents	427,736	(115,024)
Cash and cash equivalents, beginning of year	<u>1,193,313</u>	<u>1,308,337</u>
Cash and cash equivalents, end of year	<u>\$ 1,621,049</u>	<u>\$ 1,193,313</u>
Supplemental Schedule of Cash Flow Information:		
During the year, cash was paid for the following:		
Income taxes	<u>\$ 100,885</u>	<u>\$ 87,732</u>
Interest	<u>\$ 64,462</u>	<u>\$ 60,579</u>

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

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
STATEMENTS OF CASH FLOWS (Continued)**

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

For the Year Ended December 31, 2016:

The Company incurred approximately \$88,369 in capital lease obligations.

On December 9, 2016 the \$200,000 Oates Convertible Note was converted into 66,667 shares of Common Stock.

For the Year Ended December 31, 2015:

The Company acquired certain assets and assumed certain liabilities of ProductiveTech, Inc. ("PTI") for a \$600,000 promissory note in addition to a cash payment of \$483,471 and issuance of 64,484 shares of common stock at \$4.032 per share for a value of approximately \$260,000.

The Company acquired certain assets of 2000 Soft d/b/a/ Accounting Technologies Resources ("ATR") for a \$175,000 promissory note in addition to a cash payment of \$80,000.

On March 29, 2015, Mr. Meller returned his one share of Series B Preferred Stock (the "Series B Preferred") to the Company and with the approval of the majority of the Company's stockholders and the Board of Directors the Series B Preferred Stock was canceled in its entirety.

The Company incurred approximately \$111,730 in capital lease obligations.

The Company acquired certain assets and assumed certain liabilities of The Macabe Associates, Inc. ("Macabe") for a cash payment of \$21,423 in addition to four-year revenue share agreement valued at \$428,971.

The Company acquired certain assets and assumed certain liabilities of Oates & Company, LLC. ("Oates") for a \$175,000 promissory note in addition to a cash payment of \$125,000 and \$200,000 convertible note.

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

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

SilverSun Technologies, Inc. (the “Company”) and wholly owned subsidiary SWK Technologies, Inc. (“SWK”) is a value added reseller and master developer for Sage Software’s Sage100/500 and ERP X3 financial and accounting software as well as the publisher of proprietary software solutions, including its own proprietary Electronic Data Interchange (EDI) software, “MAPADOC.” The Company is also a managed network service provider, providing remote network monitoring services, business continuity, disaster recovery, data backup, and application hosting. The Company sells services and products to various industries including, but not limited to, manufacturers, wholesalers and distributors located throughout the United States. The Company is publicly traded and is currently quoted on the Over-the-Counter Bulletin Board (“OTCQB”) under the symbol “SSNT.”

In March of 2015, the Company completed the purchase of selected assets of 2000 SOFT, d/b/a Accounting Technology Resources (“ATR”), a Southern California based reseller of Sage Software applications. ATR’s customers and business products and services have been integrated into the infrastructure of SWK.

In July of 2015, the Company completed the purchase of selected assets of ProductiveTech, Inc. (“PTI”) located in Southern New Jersey. PTI’s selected assets and liabilities, customers and business products and services have been integrated into the infrastructure of SWK.

In October of 2015, the Company completed the purchase of selected assets of The Macabe Associates, Inc., (“Macabe”) a Washington based reseller of Sage Software and Acumatica applications. Macabe’s customers and business products and services have been integrated into the infrastructure of SWK.

In October of 2015, the Company completed the purchase of selected assets of Oates & Company, (“Oates”) a North Carolina reseller of Sage Software applications. Oates selected assets and liabilities, customers and business products and services have been integrated into the infrastructure of SWK.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the “Company” and its wholly-owned subsidiary, SWK Technologies, Inc. (“SWK”). These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. All significant inter-company transactions and accounts have been eliminated in consolidation.

On February 4, 2015 the Company effected a 1-for-30 reverse stock split of the outstanding common stock (the “Reverse Stock Split”) whereby every thirty (30) shares of outstanding common stock decreased to one (1) share of common stock. Similarly, the number of shares of common stock, par value \$0.00001 (“Common Stock”) into which each outstanding option and warrant to purchase common stock is to be exercisable decreased on a 1-for-30 basis and the exercise price of each outstanding option and warrant to purchase common stock increased proportionately. The impact of this reverse stock split has been retroactively applied to the financial statements and the related notes.

Principal of Consolidation

The consolidated financial statements include the accounts of SilverSun and its subsidiary SWK, which is wholly owned. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill is the excess of acquisition cost of an acquired entity over the fair value of the identifiable net assets acquired. Goodwill is not amortized, but tested for impairment annually or whenever indicators of impairment exist. These indicators may include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. No impairment losses were identified or recorded in the years ended December 31, 2016 and 2015.

Definite Lived Intangible Assets and Long-lived Assets

Purchased intangible assets are recorded at fair value using an independent valuation at the date of acquisition and are amortized over the useful lives of the asset using the straight-line amortization method.

The Company assesses potential impairment of its intangible assets and other long-lived assets when there is evidence that recent events or changes in circumstances have made recovery of an asset's carrying value unlikely. Factors the Company considers important, which may cause impairment include, among others, significant changes in the manner of use of the acquired asset, negative industry or economic trends, and significant underperformance relative to historical or projected operating results. No impairment losses were identified or recorded in the years ended December 31, 2016 and 2015.

Revenue Recognition

Revenue is recognized when products are shipped, or services are rendered, evidence of a contract exists, the price is fixed or reasonably determinable, and collectability is reasonably assured.

Product Revenue

Software product revenue is recognized when the product is shipped to the customer. The Company treats the software component and the professional services consulting component as two separate arrangements that represent separate units of accounting. The arrangement consideration is allocated to each unit of accounting based upon that unit's proportion of the fair value. In a situation where both components are present, software sales revenue is recognized when collectability is reasonably assured and the product is delivered and has stand-alone value based upon vendor specific objective evidence.

Service Revenue

Service revenue is comprised of primarily professional service consulting revenue, maintenance revenue and other ancillary services provided. Professional service revenue is recognized as service time is incurred.

With respect to maintenance services, upon the completion of one year from the date of sale, the Company offers customers an optional annual software maintenance and support agreement for subsequent periods not exceeding one year. Maintenance and support agreements are recorded as deferred revenue and recognized over the respective terms of the agreements, which typically range from three months to one year and are included in services revenue in the Consolidated Statements of Income.

Shipping and handling costs charged to customers are classified as revenue, and the shipping and handling costs incurred are included in cost of sales.

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unbilled Services

The Company recognizes revenue on its professional services as those services are performed or certain obligations are met.

Unbilled services represent the revenue recognized but not yet invoiced.

Deferred Revenues

Deferred revenues consist of maintenance service, customer support services, including telephone support and deposits for future consulting services which will be earned as services are performed over the contractual or stated period, which generally ranges from three to twelve months.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to federally insured limits. At times balances may exceed FDIC insured limits. The Company has not experienced any losses in such accounts.

Concentrations

The Company maintains its cash and cash equivalents with various institutions, which exceed federally insured limits throughout the year. At December 31, 2016, the Company had cash on deposit of approximately \$1,280,695 in excess of the federally insured limits of \$250,000.

For the years ended December 31, 2016 and 2015, our top ten customers accounted for 19% (\$6,574,232) and 19% (\$5,179,085), respectively, of our total revenues. The Company does not rely on any one specific customer for any significant portion of our revenue base.

For both the years ended December 31 2016 and 2015, purchases from one supplier through a “channel partner” agreement were approximately 24%. This channel partner agreement is for a one year term and automatically renews for an additional one year term on the anniversary of the agreements effective date.

For the years ended December 31, 2016 and 2015, one supplier represented approximately 42% and 33% of total accounts payable, respectively.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable and cash and cash equivalents. As of December 31, 2016 the Company believes it has no significant risk related to its concentration of accounts receivable.

Accounts Receivable

Accounts receivable consist primarily of invoices for maintenance and professional services. Full payment for software ordered by customers is due in advance of ordering from the software supplier. Payments for maintenance and support plan renewals are due before the beginning of the maintenance period. Terms under our professional service agreements are generally 50% due in advance and the balance on completion of the services.

The Company maintains an allowance for bad debt estimated by considering a number of factors, including the length of time the amounts are past due, the Company’s previous loss history, the customer’s current ability to pay its obligations.

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets, generally three to seven years. Maintenance and repairs that do not materially add to the value of the equipment nor appreciably prolong its life are charged to expense as incurred.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in the Consolidated Statements of Income.

Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as net operating loss carryforwards. Deferred tax assets and liabilities are classified as current or non-current based on the classification of the related assets or liabilities for financial reporting, or according to the expected reversal dates of the specific temporary differences, if not related to an asset or liability for financial reporting. Valuation allowances are established against deferred tax assets if it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates or laws is recognized in operations in the period that includes the enactment date.

The Company has federal net operating loss (“NOL”) carryforwards which are subject to limitations under Section 382 of the Internal Revenue Code.

The Company files income tax returns in the U.S. federal and state jurisdictions. Tax years 2013 to 2016 remain open to examination for both the U.S. federal and state jurisdictions.

There were no liabilities for uncertain tax positions at December 31, 2016 and 2015.

Fair Value Measurement

The accounting standards define fair value and establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The Company’s current financial assets and liabilities approximate fair value due to their short term nature and include cash, accounts receivable, accounts payable, and accrued liabilities. The carrying value of longer term lease and debt obligations approximate fair value as their stated interest rates approximate the rates currently available. The Company’s goodwill and intangibles are measured on a non-recurring basis using Level 3 inputs, as discussed in Note 5 and Note 9.

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Compensation

Compensation expense related to share-based transactions, including employee stock options, is measured and recognized in the financial statements based on a determination of the fair value. The grant date fair value is determined using the Black-Scholes-Merton (“Black-Scholes”) pricing model. For employee stock options, the Company recognizes expense over the requisite service period on a straight-line basis (generally the vesting period of the equity grant). The Company’s option pricing model requires the input of highly subjective assumptions, including the expected stock price volatility, expected term, and forfeiture rate. Any changes in these highly subjective assumptions significantly impact stock-based compensation expense.

Recently Adopted Authoritative Pronouncements

In August 2014, the FASB issued Accounting Standard Update 2014-15, Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. Management of public and private companies will be required to evaluate whether there are conditions and events that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the financial statements are issued (or available to be issued when applicable) and, if so, disclose that fact. Management will be required to make this evaluation for both annual and interim reporting periods, if applicable. The standard is effective for annual periods ending after December 15, 2016 and interim periods ending after December 15, 2016. Early adoption is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. This adoption did not have a material impact on the Company’s consolidated financial statements.

Recent Authoritative Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to put most leases on their balance sheets by recognizing a lessee’s rights and obligations, while expenses will continue to be recognized in a similar manner to today’s legacy lease accounting guidance. This ASU could also significantly affect the financial ratios used for external reporting and other purposes, such as debt covenant compliance. This ASU will be effective for the Company on January 1, 2019, with early adoption permitted. The Company is currently in the process of assessing the impact of this ASU on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which includes multiple provisions intended to simplify various aspects of the accounting for share-based payments, including treatment of excess tax benefits and forfeitures, as well as consideration of minimum statutory tax withholding requirements. The ASU will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016, with early application permitted in any interim or annual period. The Company is evaluating the future impact of this ASU on the consolidated financial statements.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying performance obligations and licensing*, to reduce the cost and complexity of applying the guidance on identifying promised goods or services around identifying performance obligations and implementation guidance on determining whether an entity’s promise to grant a license provides a customer with either a right to use the entity’s intellectual property (which is satisfied at a point in time) or a right to access the entity’s intellectual property (which is satisfied over time). The Company is evaluating the future impact of this ASU on the consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classifications of Deferred Taxes*, which requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by this amendment. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted and the standard may be applied either retrospectively or on a prospective basis to all deferred tax assets and liabilities. The Company is evaluating the impact the adoption of this guidance will have on the determination or reporting of its consolidated financial statements.

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
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NOTE 3 – NET INCOME PER COMMON SHARE

The Company's basic income per common share is based on net income for the relevant period, divided by the weighted average number of common shares outstanding during the period. Diluted income per common share is based on net income, divided by the weighted average number of common shares outstanding during the period, including common share equivalents, such as outstanding option and warrants to the extent they are dilutive. The computation of diluted income per share for the year ended December 31, 2016 and December 31, 2015 does not include share equivalents as all warrants and options exceeded the average market price of the common stock. Convertible debt is included below, based on if-converted method.

	Year Ended December 31, 2016	Year Ended December 31, 2015
Basic net income per share:		
Net income	\$ 3,436,399	\$ 374,305
Weighted-average common shares outstanding	4,414,743	4,301,782
Basic net income per shares	\$ 0.78	\$ 0.09
Diluted net income per share:		
Net income	\$ 3,436,399	\$ 374,305
Weighted-average common shares outstanding	4,473,403	4,301,782
Incremental shares for convertible promissory note	-	16,667
Total adjusted weighted-average shares	4,473,403	4,318,449
Diluted net income per share	\$ 0.77	\$ 0.09

The following table summarizes securities that, if exercised, would have an anti-dilutive effect on earnings per share.

	Year Ended December 31, 2016	Year Ended December 31, 2015
Stock options	143,576	183,576
Warrants	203,253	203,253
Total potential dilutive securities not included in loss per share	<u>346,829</u>	<u>386,829</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	December 31, 2016	December 31, 2015
Leasehold improvements	\$ 30,557	\$ 30,557
Equipment, furniture and fixtures	1,744,439	1,471,268
	1,774,996	1,501,825
Less: Accumulated depreciation	(1,308,794)	(1,076,478)
Property and equipment, net	<u>\$ 466,202</u>	<u>\$ 425,347</u>

Depreciation and amortization expense related to these assets for the years ended December 31, 2016 and 2015 was \$232,316 and \$165,597.

Property and equipment under capital leases are summarized as follows:

	December 31, 2016	December 31, 2015
Equipment, furniture and fixtures	521,905	433,536
Less: Accumulated depreciation	(335,672)	(232,228)
Property and equipment, net	<u>\$ 186,233</u>	<u>\$ 201,308</u>

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
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DECEMBER 31, 2016 AND 2015

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of developed intellectual property carried at cost less accumulated amortization and customer lists acquired at fair value less accumulated amortization. Amortization is computed using the straight-line method over the estimated useful lives.

The components of intangible assets are as follows:

	December 31, 2016	December 31, 2015	Estimated Useful Lives
Proprietary developed software	\$ 677,829	\$ 365,911	5
Intellectual property, customer list, and acquired contracts	3,069,551	3,069,551	5 – 15
Total intangible assets	\$ 3,747,380	\$ 3,435,462	
Less: accumulated amortization	(1,316,269)	(863,925)	
	<u>\$ 2,431,111</u>	<u>\$ 2,571,537</u>	

Amortization expense related to the above intangible assets was \$452,344 and \$319,495, respectively, the years ended December 31, 2016 and 2015.

Included in proprietary developed software is \$311,917 not yet in service.

The Company expects future amortization expense to be the following:

	<u>Amortization</u>
2017	\$ 355,797
2018	299,828
2019	299,828
2020	282,603
2021	246,053
thereafter	947,002
Total	<u>\$ 2,431,111</u>

NOTE 6 – LINE OF CREDIT, TERM LOAN AND PROMISSORY NOTE

On August 1, 2013, the Company obtained a line of credit and term loan from the bank. The line of credit expired on July 31, 2015 and was automatically renewed for an additional year. The agreement included a borrowing base calculation tied to accounts receivable with a maximum availability of \$750,000 at prime plus 1.75% interest (5.25% at December 31, 2015). The line was collateralized by substantially all of the assets of the Company and guaranteed by the Company's Chief Executive Officer, Mr. Meller. The credit facility required the Company to pay a monitoring fee of \$1,000 monthly. The line of credit was cancelled on July 31, 2016.

On July 21, 2016, SWK entered into a Revolving Demand Note (the "Revolving Demand Note") by and between SWK (the "Borrower") and M&T Bank ("Lender"), a commercial lender. The Lender has agreed to loan SWK up to a principal amount of one million dollars. The interest rate on the Revolving Demand Note shall be a variable rate, equal to the "Prime Rate", plus ninety-five one-hundredths percent (0.95%) per annum. There is a minimum interest rate floor of four percent (4%). The Revolving Demand Note is secured by all of the Borrower's assets pursuant to a Security Agreement. Furthermore, on July 21, 2016, the Company and Mr. Mark Meller, individually, entered into Unlimited Guaranty agreements (the "Guaranty Agreements") with the Lender. The line is also collateralized by substantially all of the assets of the Company. Under the Guaranty Agreements, the Company and Mr. Meller personally, jointly and severally guaranteed the liabilities of the Borrower due and owing under the terms of the Revolving Demand Note. At December 31, 2016 the outstanding balance was \$0.

A two year term loan for \$350,000 matured on July 31, 2015. Monthly payments were \$15,776 including interest at 8%. The term loan was collateralized by substantially all of the assets of the Company and was guaranteed by the Company's Chief Executive Officer, Mr. Meller.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 6 – LINE OF CREDIT, TERM LOAN AND PROMISSORY NOTE (Continued)

On May 6, 2014, SWK acquired certain assets of ESC, Inc. pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of \$350,000 (the “ESC Note”). The ESC Note matures on April 1, 2019. Monthly payments are \$6,135 including interest at 2% per year. At December 31, 2016 the outstanding balance was \$173,535.

On March 11, 2015, SWK acquired certain assets of 2000 SOFT, Inc. d/b/a Accounting Technology Resource (ATR) pursuant to an Asset Purchase Agreement for cash of \$80,000 and a promissory note for \$175,000 (the “ATR Note”). The note matures on February 1, 2018. Monthly payments are \$5,012 including interest at 2% per year. At December 31, 2016 the outstanding balance was \$74,194.

On July 6, 2015, SWK acquired certain assets of ProductiveTech Inc. (PTI) pursuant to an Asset Purchase Agreement cash of \$500,000 and a promissory note for \$600,000 (the “PTI Note”). The note is due in 60 months from the closing date and bears interest at a rate of two and one half (2.5%) percent. The monthly payments including interest are \$10,645. At December 31, 2016 the outstanding balance was \$437,403.

On October 19, 2015, SWK acquired certain assets of Oates & Company, LLC (Oates) pursuant to an Asset Purchase Agreement cash of \$125,000 and a promissory note for \$175,000 (the “Oates Note”). The note is due in three years from the closing date and bears interest at a rate of two (2%) percent. The monthly payments including interest are \$5,012. At December 31, 2016 the outstanding balance was \$108,018.

Additionally, in connection with the purchase agreement, the Company issued a Convertible Note (the “Convertible Note”) for \$200,000. The Convertible Note was due January 1, 2017 and bore interest at a rate of one (1%) percent. The quarterly interest payments were computed on the basis of 365-day year from the date of this note until paid. The Company could, at its sole and exclusive option, convert, at any time until payment in full of this Note, all or any part of the principal amount of the Note plus accrued interest, into shares of the Company’s Common Stock, at the price per share equal to \$3.00 per share. On December 9, 2016 the convertible note was converted into 66,667 shares of Common Stock.

At December 31, 2016, future payments of promissory notes are as follows over each of the next five fiscal years:

2017	\$	306,677
2018		257,846
2019		154,727
2020		73,900
Total	\$	<u>793,150</u>

NOTE 7 – CAPITAL LEASE OBLIGATIONS

The Company has entered into lease commitments for equipment that meet the requirements for capitalization. The equipment has been capitalized and is included property and equipment, net in the accompanying balance sheets. The related obligations are based upon the present value of the future minimum lease payments with interest rates ranging from 7.1% to 10.4%.

At December 31, 2016, future payments under capital leases are as follows:

2017	\$	103,353
2018		60,631
2019		<u>1,785</u>
Total minimum lease payments		165,769
Less amounts representing interest		<u>(10,928)</u>
Present value of net minimum lease payments		154,841
Less current portion		<u>(94,714)</u>
Long-term capital lease obligation	\$	<u>60,127</u>

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
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NOTE 8 – EQUITY

Equity

On March 10, 2015, March 23, 2015 and March 24, 2015, the Company entered into subscription agreements (the “Subscription Agreements”) with certain investors (the “Investors”) providing for the issuance and sale by the Company (the “Offering”) of an aggregate of 363,490 shares (the “Shares”) of Common Stock and warrants (the “Investor Warrants”) to purchase an aggregate of 181,745 shares of Common Stock (the “Warrant Shares”). Each Warrant to purchase one share of Common Stock was sold at a price of \$0.01 and has an exercise price of \$5.30 per share. The gross proceeds raised was \$1,543,015 less expenses relating to the Offering of \$730,992, resulting in net proceeds to the Company of \$812,023.

On March 29, 2015, Mr. Meller returned and cancelled his one share of Series B Preferred Stock (the “Series B Preferred”) to the Company. Also on March 29, 2015, subject to shareholder approval, the Board approved the cancellation of the Company’s Series B Preferred Stock certificate of designation. The Company subsequently did not receive shareholder approval for the cancellation of the Series B Preferred designation and the series B Preferred remained authorized but unissued.

On April 29, 2015 the Board approved entering into a consulting agreement with Christopher IR for investor relation services. In addition to cash payments for services, the Company issued 15,000 shares of Common Stock at \$2.42 per share or \$36,300.

On July 6, 2015 the Company in relation to the acquisition of certain assets of PTI had issued 64,484 shares of Common Stock at \$4.032 per share for a value of \$260,000. The stock price was based on the average close price of SSNT stock for the five trading days immediately preceding the closing date.

On January 11, 2016, the Company announced the payment of a \$0.06 special cash dividend per share of Common Stock. The dividend payments were paid out on January 20, 2016 for an aggregate amount of \$264,699, which reduced additional paid in capital.

On July 28, 2016 (the “Effective Date”), the Company entered into a Series B Preferred Stock Purchase Agreement (the “Preferred Stock Purchase Agreement”) with the Company’s Chief Executive Officer, Mr. Mark Meller, pursuant to which Mr. Meller was issued the only share of the Company’s authorized but unissued Series B Preferred Stock. Mr. Meller was issued one (1) share of Series B Preferred Stock for (i) \$100 in cash and (ii) as partial consideration for Mr. Meller’s personal guarantee of the Revolving Demand Note. Each one (1) share of the Series B Preferred Stock shall have voting rights equal to (x) the total issued and outstanding Common Stock eligible to vote at the time of the respective vote divided by (y) forty-nine one-hundredths (0.49) minus (z) the total issued and outstanding Common Stock eligible to vote at the time of the respective vote. For the avoidance of doubt, if the total issued and outstanding Common Stock eligible to vote at the time of the respective vote is 5,000,000, the voting rights of the Series B Preferred Stock shall be equal to 5,204,082 (e.g. $(5,000,000 / 0.49) - 5,000,000 = 5,204,082$). The Series B Preferred Stock has the rights, privileges, preferences and restrictions set for in the Certificate of Designation (the “Certificate of Designation”) filed by the Corporation with the Secretary of State of the State of Delaware (“Delaware Secretary of State”) on September 23, 2011.

Options

In March 2015, the Company granted 10,000 incentive stock options with an exercise price of \$4.00 per option to a certain non-executive employee under the 2004 Stock Incentive Plan. The Company recognizes compensation cost on awards on a straight-line basis over the vesting period, approximately five years. The Company estimated the fair value of each option using the Black Scholes option-pricing model with the following weighted-average assumptions: expected dividend yield of 0.0%, risk-free interest rate of 1.6%, volatility at 263.18% and an expected life of 5 years. As a result, the Company estimated the value of these options at \$39,875.

In October 2015, the Company issued to the shareholders of Macabe 25,000 incentive stock options with an exercise price of \$3.66. Options will vest over five years at the rate of 20% per annum. The Company estimated the fair value of each option using the Black Scholes option-pricing model with the following weighted-average assumptions: expected dividend yield of 0.0%, risk-free interest rate of 1.37%, volatility at 332.76% and an expected life of 5 years. As a result, the Company estimated the value of these options at \$91,482.

In November 2016, the Company reduced the exercise price of previously granted options to Mr. Richard Schatzberg from \$4.50 to \$2.35.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 – EQUITY (Continued)

The Company uses judgment in estimating the amount of stock-based awards that are expected to be forfeited. If actual forfeitures differ significantly from the original estimate, stock-based compensation expense and the results of operations could be impacted.

Total stock compensation recognized for the year ended December 31, 2016 and 2015 was \$42,795 and \$40,860, respectively.

A summary of the status of the Company's stock option plans for the fiscal years ended December 31, 2016 and 2015 and changes during the years are presented below (in number of options):

	<u>Number of Options</u>	<u>Average Exercise Price</u>	<u>Average Remaining Contractual Term</u>	<u>Aggregate Intrinsic Value</u>
Outstanding options at January 1, 2015	163,846	\$ 4.65	2.5 years	\$ -0-
Options granted	35,000	3.76	4.2 years	
Options canceled/forfeited	<u>(15,270)</u>	\$ 4.61		
Outstanding options at December 31, 2015	183,576	\$ 4.49	2.7 years	\$ -0-
Options granted	-	-		
Options canceled/forfeited	<u>(40,000)</u>	\$ 4.50		
Outstanding options at December 31, 2016	<u>143,576</u>	\$ 4.33	1.6 years	\$ -0-
Vested Options:				
December 31, 2016;	103,575	\$ 4.47	1.0 years	\$ -0-
December 31, 2015:	119,243	\$ 4.70	2.0 years	\$ -0-

For the year ended December 31, 2016 the unamortized compensation expense for stock options was \$112,261. Unamortized compensation expense is expected to be recognized over a weighted-average period of three years.

Warrants

On January 29, 2015 the Company granted 3,333 warrants with a fair value of approximately \$19,969, which immediately vested, to Joseph Macaluso as part of his compensation for agreeing to join the Board of Directors. The estimated fair value of the warrant has been calculated based on a Black-Scholes pricing model using the following assumptions: a) fair market value of stock of \$6.00; b) exercise price of \$6.00; c) Dividend yield of 0%; d) Risk free interest rate of 1.42%; e) expected volatility of 284.28%; f) Expected life of 5 years.

On March 9, 2015 the Company granted 18,175 warrants with a fair value of approximately \$73,356, which immediately vested, to Alexander Capital, LP as partial compensation for acting as placement agent. The estimated fair value of the warrant has been calculated based on a Black-Scholes pricing model using the following assumptions: a) fair market value of stock of \$4.05; b) exercise price of \$5.088; c) Dividend yield of 0%; d) Risk free interest rate of 1.66%; e) expected volatility of 263.67%; f) Expected life of 5 years.

On March 23, 2015 the Company granted 181,745 warrants with a fair value of approximately \$638,630, which immediately vested, to those that purchased common stock as part of the Offering. The estimated fair value of the warrant has been calculated based on a Black-Scholes pricing model using the following assumptions: a) fair market value of stock of \$3.53; b) exercise price of \$5.30; c) Dividend yield of 0%; d) Risk free interest rate of 1.41%; e) expected volatility of 258.39%; f) Expected life of 5 years.

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 8 – EQUITY (Continued)

The following table summarizes the warrants transactions:

	<u>Warrants Outstanding</u>	<u>Weighted Average Exercise Price</u>
Balance, January 1, 2015	-	\$ -
Granted	203,253	\$ 5.29
Exercised	-	\$ -
Canceled	-	\$ -
Outstanding and Exercisable December 31, 2015	<u>203,253</u>	<u>\$ 5.29</u>
Granted	-	\$ -
Exercised	-	\$ -
Canceled	-	\$ -
Outstanding and Exercisable December 31, 2016	<u>203,253</u>	<u>\$ 5.29</u>

NOTE 9 – BUSINESS COMBINATION

On March 11, 2015 SWK entered into an Asset Purchase Agreement with 2000 SOFT, Inc. d/b/a ATR, a California corporation, and Karen Espinoza McGarrigle in her individual capacity as Shareholder. SWK acquired certain assets of ATR (as defined in the Purchase Agreement). In consideration for the acquired assets, the Company issued a promissory note in the aggregate principal amount of \$175,000 and paid cash of \$80,000. As additional consideration, the Company will pay 10% of the net margin on maintenance renewals for former ATR customers for the first twelve months and 5% of the net margin on maintenance renewals for the following twelve months. The initial contingent consideration was estimated at approximately \$22,000 and included in the purchase price (see table below). Certain payments were made during 2016 and 2015, resulting in a remaining balance of \$29 at December 31, 2016. The purchase was allocated, based on the Company's estimate of fair value, to intangible assets, which consists of a customer list with an estimated life of seven years.

On July 6, 2015 SWK entered into an Asset Purchase Agreement with ProductiveTech ("PTI"), a south New Jersey corporation and John McPoyle and Kevin Snyder in their individual capacity as Shareholders. SWK acquired certain assets and liabilities of PTI (as defined in the Purchase Agreement). In consideration for the acquired assets, the Company paid \$483,471 in cash and issued a promissory note for \$600,000 (the "Note"). The note is due in 60 months from the closing date and bears interest at a rate of two and one half (2.5%) percent. The monthly payments including interest are \$10,645. Additionally, in connection with the purchase agreement, SilverSun Technologies, Inc. ("SSNT") issued 64,484 shares of common stock at \$4.032 per share for a value of \$260,000. The purchase was allocated, based on the Company's estimate of fair value, to accounts receivable, unbilled services, prepaid expenses and other assets, property and equipment, liabilities, capital lease obligations, goodwill and customer list with an estimated life of fifteen years. The acquisition costs and allocation of the purchase price to customer lists and goodwill has been based of an independent valuation.

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
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NOTE 9 – BUSINESS COMBINATION (Continued)

On October 1, 2015 SWK entered into an Asset Purchase Agreement with The Macabe Associates, Inc., (“Macabe”), a Washington corporation and Mary Abdian and John Nicholson in their individual capacity as Shareholders. SWK acquired certain assets and liabilities of Macabe (as defined in the Purchase Agreement). In consideration for the acquired assets, the Company paid \$21,423 in cash. As additional consideration, the Company paid \$5,500 cash after twelve months from closing and will pay \$5,500 cash twenty-four months from closing on the net-to-SWK revenues for Software and Maintenance sales if certain estimates are met for a total of \$11,000 and was recorded as part of the contingent consideration included in the purchase price. Additionally, the Company will pay 35% of the net margin on software maintenance renewals for former Macabe customers for the first twelve months, and then 30%, 25% and 20% of the net margin on software maintenance renewals for the following three years. The Company will also pay 50% the first year, and 40%, 30% and 20% the three years after on the net margin on EASY Solution Maintenance, new software & license to existing Macabe customers and EASY Solutions software and maintenance sales to new customers. On any former Macabe customers migrating to Netsuite, X3 or Acumatica, the Company will pay 50% of the net margin of the sale after applicable costs and commissions for the three years period after the acquisition. The Company estimated this contingent consideration to be approximately \$417,971 at acquisition and which is included in the purchase price. Certain payments were made in each of these contingent consideration components, resulting in a remaining balance of \$211,685 as of December 31, 2016. The purchase was allocated, based on the Company’s estimate of fair value, to proprietary software solutions with an estimated useful life of five years, goodwill and customer list with an estimated life of fifteen years. The acquisition costs and allocation of the purchase price to customer lists and goodwill has been based on an independent valuation.

On October 19, 2015 SWK entered into an Asset Purchase Agreement with Oates & Company, (“Oates”) a North Carolina reseller and Chris Oates in his individual capacity as Shareholder. SWK acquired certain assets of Oates (as defined in the Purchase Agreement). In consideration for the acquired assets, the Company issued a promissory note in the aggregate principal amount of \$175,000 and paid cash of \$125,000. The purchase price was reduced by \$92,127 related to a working capital adjustment. The note is due in three years from the closing date and bears interest at a rate of two (2%) percent. The monthly payments including interest are \$5,012. Additionally, in connection with the purchase agreement, the Company issued a Convertible Note for \$200,000 (see note 6 for terms). On December 9, 2016 this Convertible Note was converted into common stock, resulting in 66,667 shares of common stock at \$3.00 per share. The purchase was allocated, based on the Company’s estimate of fair value, to accounts receivable, prepaid expenses and other assets, property and equipment, liabilities, goodwill and customer list with an estimated life of seven years. The acquisition costs and allocation of the purchase price to customer lists and goodwill has been based on an independent valuation. As of December 31, 2016, the prior owners of Oates owed the Company \$81,218 related to amounts collected by the prior owner subsequent to acquisition but owed to the Company. This amount is included in prepaid expenses and other current assets.

The following summarizes the purchase price allocation for all prior year’s acquisitions:

	<u>ATR</u>	<u>PTI</u>	<u>Macabe</u>	<u>Oates</u>
Cash consideration	\$ 80,000	\$ 483,471	\$ 21,423	\$ 125,000
Stock	-	259,226	-	-
Working capital adjustment	-	-	-	(92,127)
Convertible note	-	-	-	200,000
Contingent consideration	21,656	-	428,971	-
Note payable	175,000	600,000	-	175,000
Total purchase price	<u>\$ 276,656</u>	<u>\$ 1,342,697</u>	<u>\$ 450,394</u>	<u>\$ 407,873</u>
Accounts receivable	\$ -	\$ 129,709	\$ -	\$ 230,480
Unbilled services	-	10,369	-	-
Prepaid expenses and other current assets	-	14,039	-	10,182
Property and equipment	-	93,300	6,377	17,000
Goodwill	18,000	311,000	7,000	9,000
Proprietary software applications	-	-	57,000	-
Customer List	258,656	933,301	408,594	424,000
Total assets acquired	276,656	1,491,718	478,971	690,662
Current liabilities	-	(124,300)	(28,577)	(282,789)
Capital lease obligations	-	(24,721)	-	-
Liabilities acquired	-	(149,021)	(28,577)	(282,789)
Net assets acquired	<u>\$ 276,656</u>	<u>\$ 1,342,697</u>	<u>\$ 450,394</u>	<u>\$ 407,873</u>

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 9 – BUSINESS COMBINATION (Continued)

The following unaudited pro forma information does not purport to present what the Company's actual results would have been had the acquisitions occurred on January 1, 2015, nor is the financial information indicative of the results of future operations. The following table represents the unaudited consolidated pro forma results of operations for the year ended December 31, 2015 as if the acquisitions had occurred on January 1, 2015. Operating expenses have been increased for the amortization expense associated with the estimated fair value adjustment as of December 31, 2015 of expected definite lived intangible assets.

Pro Forma	Year Ended December 31, 2015
Net sales	\$ 31,663,312
Operating expenses	\$ 12,245,402
Income before taxes	\$ 583,074
Net income	\$ 472,493
Basic and diluted income per common share	\$ 0.11

The Company's consolidated financial statements for the year ending December 31, 2016 include the actual results of ATR since the date of acquisition, March 11, 2015, the actual results of PTI since the date of acquisition, July 6, 2015, the actual results of Macabe since the date of acquisition, October 1, 2015, and the actual results of Oates since the date of acquisition, October 19, 2015. The year ended December 31, 2015 pro-forma results above include two months of results of ATR, six months of pro-forma results for PTI, nine months of pro-forma results for Macabe, and nine and a half months of pro-forma results for Oates.

For the year ended December 31, 2016 the ATR operations had a net income before taxes of \$84,099 that was included in the Company's Consolidated Statement of Income, which consisted of approximately \$1,206,445 in revenues and \$1,122,346 in expenses. For the year ended December 31, 2016 the PTI operations had a net income before taxes of \$83,534 that was included in the Company's Consolidated Statement of Income, which consisted of approximately \$1,791,610 in revenues and \$1,708,076 in expenses. For the year ended December 31, 2016 the Macabe operations had a net income before taxes of \$127,917 that was included in the Company's Consolidated Statement of Income, which consisted of approximately \$1,635,334 in revenues and \$1,507,417 in expenses. For the year ended December 31, 2016 the Oates operations had a net income before taxes of \$41,710 that was included in the Company's Consolidated Statement of Income, which consisted of approximately \$2,476,706 in revenues and \$2,434,996 in expenses.

For the year ended December 31, 2015 the ATR operations had a net income before taxes of \$65,911 that was included in the Company's Consolidated Statement of Income, which consisted of approximately \$945,523 in revenues and \$879,612 in expenses. For the year ended December 31, 2015 the PTI operations had a net income before taxes of \$42,477 that was included in the Company's Consolidated Statement of Income, which consisted of approximately \$911,038 in revenues and \$868,561 in expenses. For the year ended December 31, 2015 the Macabe operations had a net income before taxes of \$33,835 that was included in the Company's Consolidated Statement of Income, which consisted of approximately \$432,564 in revenues and \$398,729 in expenses. For the year ended December 31, 2015 the Oates operations had a net income before taxes of \$8,819 that was included in the Company's Consolidated Statement of Income, which consisted of approximately \$523,668 in revenues and \$514,849 in expenses.

NOTE 10 – INCOME TAXES

The recognized deferred tax asset is based upon the expected utilization of its benefit from future taxable income. The Company has federal net operating loss ("NOL") carryforwards of approximately \$6,651,000 as of December 31, 2016, which is subject to limitations under Section 382 of the Internal Revenue Code. These carryforward losses are available to offset future taxable income, and begin to expire in the year 2026 to 2034.

The foregoing amounts are management's estimates and the actual results could differ from those estimates. Future profitability in this competitive industry depends on continually obtaining and fulfilling new profitable sales agreements and modifying products. The inability to obtain new profitable contracts could reduce estimates of future profitability, which could affect the Company's ability to realize the deferred tax assets.

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 10 – INCOME TAXES (Continued)

Significant components of the Company’s deferred tax assets and liabilities are summarized as follows:

	December 31, 2016	December 31, 2015
Deferred tax assets:		
Net operating loss carry forwards	\$ 2,660,000	\$ 2,785,000
Long lived assets	355,000	320,000
Share based payments	8,000	8,000
Allowance for doubtful accounts	150,000	150,000
Other	11,000	7,000
Deferred tax asset	<u>3,184,000</u>	<u>3,270,000</u>
Deferred tax liabilities:		
Long lived assets	(179,000)	(155,000)
Deferred tax liabilities	(179,000)	(155,000)
Net deferred tax asset	3,005,000	3,115,000
Less: Valuation allowance	(590,098)	(2,915,000)
Net deferred tax asset	<u>\$ 2,414,902</u>	<u>\$ 200,000</u>

For the year ended December 31, 2016, the Company’s Federal and State provision requirements were calculated based on the estimated tax rate. The Federal effective rate is higher than the statutory rate primarily due to the reversal of a significant portion of the previously reserved deferred tax assets for the net operating losses in addition to Incentive Stock Options (ISO) and 50% of general meal and entertainment expense which are not tax deductible. The benefit for the year ended December 31, 2016 was \$2,223,734. The effective tax rate consists primarily of the 40% federal statutory tax rate, a blended 5% state and local tax rate, and a reversal of the valuation allowance as described below.

For the year ended December 31, 2016, the Company’s Federal and State provision requirements were offset by the reversal of a significant portion of our valuation allowance, no longer deemed necessary, taking into consideration Section 382 limitations. The Company recorded a tax benefit of \$2,563,637, which represents a reduction in its valuation allowance on tax attributes that are expected to be utilized based on management’s assessment and evaluation of current and projected income. Additionally, the tax return to provision true-up of prior year taxes owed was a result of overaccrual of taxes for the 2015 tax year. For the year ended December 31, 2015, the Company’s Federal and State provision requirements were offset by the reversal of a portion of the valuation allowance totaling \$560,000, no longer deemed necessary. The Company recorded a net tax benefit of \$200,000, which represents a reduction in its valuation allowance on tax attributes that are expected to be utilized based on management’s assessment and evaluation of historical and projected income.

The foregoing amounts are management’s estimates and the actual results could differ from those estimates. Future profitability in this competitive industry depends on continually obtaining and fulfilling new profitable sales agreements and modifying products. The inability to obtain new profitable contracts could reduce estimates of future profitability, which could affect the Company’s ability to realize the deferred tax assets.

A reconciliation of the statutory income tax rate to the effective rate is as follows for the period December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
Federal income tax rate	34%	34%
State income tax, net of federal benefit	5%	5%
Permanent differences	6%	6%
Prior year adjustments	(20%)	(5%)
	<u>25%</u>	<u>40%</u>
Change in valuation allowance	(208%)	(26%)
Effective income tax rate	<u>(183%)</u>	<u>14%</u>

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 10 – INCOME TAXES (Continued)

Income tax provision (benefit):

	<u>Year Ended</u>	
	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Current:		
Federal	\$ (108,832)	\$ 182,000
State and local	100,000	40,000
Total current tax (benefit) provision	<u>(8,832)</u>	<u>222,000</u>
Deferred:		
Federal	334,786	34,200
State and local	13,949	3,800
Release of valuation allowance	<u>(2,563,637)</u>	<u>(200,000)</u>
Total deferred tax provision (benefit)	<u>(2,214,902)</u>	<u>(162,000)</u>
Total (benefit) provision	<u>\$ (2,223,734)</u>	<u>60,000</u>

NOTE 11 – RELATED PARTY TRANSACTIONS

The Company leases its North Syracuse office space from its current CFO, Crandall Melvin III which expires on May 31, 2018. The monthly rent for this office space is \$2,100. Total rent expense for 2016 and 2015 was \$25,200 and \$25,200 respectively under this lease.

The Company leases its Seattle office space from Mary Abdian, an employee of SWK, which expires September 30, 2018. The monthly rent for this office space is \$3,090 and increases 3% each year. Total rent expense for 2016 and 2015 under this lease was \$36,270 and \$9,000 respectively under the lease.

As of December 31, 2016, long term debt and contingent consideration are considered related party liabilities as holders are current employees of the company, see Note 6 and Note 9.

NOTE 12 – COMMITMENTS***Operating Leases***

Our main office was located at 5 Regent Street, Livingston, NJ 07039 where we had 6,986 square feet of office space at a monthly rent of \$7,400. The lease expired on December 31, 2016 and was subsequently extended for a two months ending February 28, 2017. The Company has a lease, with a one-year extension, for office space at 6834 Buckley Road, North Syracuse, New York, at a monthly rent of \$2,100. The lease expired on May 31, 2015 and was subsequently extended for a three year term commencing June 1, 2015 and ending May 31, 2018. The Company also leases 2,700 square feet of office space in Skokie, Illinois with a monthly rent of \$3,000. This lease expires April 30, 2018. The Company leases 702 square feet of office space in Minneapolis, MN with a monthly rent of \$1,515 a month. This lease expires March 31, 2017. The Company is exploring renewing or moving locations. The Company leases 2,105 square feet of office space in Phoenix, AZ starting at \$1,271 and escalating to \$2,894 per month by the end of the term September 30, 2019. The Company leases 1,500 square feet of office space in Seattle, WA with a monthly rent of \$3,000 a month. The lease expires September 30, 2018. The Company leased 383 square feet of office space in Spartanburg, SC with a monthly rent of \$450 a month which expired June 30, 2016. The Company leases 3,422 square feet of office space in Greensboro, NC with a monthly rent of \$4,182 a month. The lease expired February 28, 2017 and was extended after reducing the rental space to 2,267 square feet at a monthly rent of \$2,765 per month. The extension expires February 28, 2020. The Company leases 1,745 square feet of office space in Santa Ana, CA with a monthly rent of \$3,225 per month escalating to \$3,402 per month by the end of the lease term, April 30, 2018. On October 14, 2016, the Company has entered into new operating lease agreement for its main office relocating to 120 Eagle Rock Avenue, East Hanover, NJ 07936 on March 1, 2017. The main office premises will consist of 5,129 square feet of office space at a monthly rent starting at \$8,762 and escalating to \$10,044 per month by the end of the term April 30, 2024.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 12 – COMMITMENTS (Continued)

Total rent expense under these operating leases for the year ended December 31, 2016 and 2015 was \$365,205 and \$247,527, respectively.

The following is a schedule of approximate future minimum rental payments for operating leases subsequent to the year ended December 31, 2016.

2017	\$	249,012
2018		205,558
2019		135,465
2020		111,983
2021		114,548
Thereafter		276,966

Contingent Consideration

The contingent consideration terms are noted in Note 9.

Employment agreements

The Company's Chief Executive Officer and President has had an Employment Agreement with the Company since September 15, 2003. On February 4, 2016 (the "Effective Date"), the Company entered into an amended and restated employment agreement (the "Meller Employment Agreement") with Mark Meller, pursuant to which Mr. Meller will continue to serve as the Company's President and Chief Executive Officer. The Meller Employment Agreement was entered into by the Company and Mr. Meller primarily to extend the term of Mr. Meller's employment. The term of the Meller Employment Agreement is for an additional 7 years through September of 2023 (the "Term") and shall automatically renew for additional periods of one year unless otherwise terminated in accordance with the therein. As of the renewal date, the Company agreed to pay Mr. Meller an annual salary of \$565,000 with a ten percent (10%) increase every year. The Meller Employment Agreement provides for a severance payment to Mr. Meller of three hundred percent (300%), less \$100,000 of his gross income for services rendered to the Company in each of the five prior calendar years should his employment be terminated following a change in control (as defined in the Meller Employment Agreement).

NOTE 13 – SUBSEQUENT EVENTS

On January 12, 2017, the Company has entered into an operating lease agreement for its south New Jersey office commencing March 1, 2017. The company will lease 6,115 square feet of office space in Thorofare, NJ starting at \$4,591 and escalating to \$5,168 per month by the end of the term February 28, 2022.

On January 13, 2017, the Company has entered into an operating lease agreement for its Greensboro, NC office commencing March 1, 2017 and ending February 28, 2020. The company will lease 2,267 square feet of office space for \$2,765 per month.

On January 23, 2017, the Company announced the payment of a \$0.02 special cash dividend per share of Common Stock. The dividend payments announced in January were paid out on January 31, 2017 for an aggregate amount of \$89,566, which was applied against additional paid in capital.

On January 27, 2017, the Company issued 100 shares of stock each to 125 non-executive employees of SWK Technologies, Inc.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Crandall Melvin III, certify that:

1. I have reviewed this Form 10-K of SilverSun Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2017

By: /s/ Crandall Melvin III
Crandall Melvin III
Principal Financial Officer
SilverSun Technologies, Inc.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report of SilverSun Technologies, Inc. (the "Company"), on Form 10-K for the period ended December 31, 2016, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Mark Meller, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such Annual Report on Form 10-K for the period ended December 31, 2016, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such Annual Report on Form 10-K for the period ended December 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 24, 2017 By: /s/ Mark Meller
Mark Meller
Principal Executive Officer
SilverSun Technologies, Inc.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report of SilverSun Technologies, Inc. (the "Company"), on Form 10-K for the period ended December 31, 2016, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Crandall Melvin III, Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such Annual Report on Form 10-K for the period ended December 31, 2016, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such Annual Report on Form 10-K for the period ended December 31, 2016, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 24, 2017 By: /s/ Crandall Melvin III
Crandall Melvin III
Principal Financial Officer
SilverSun Technologies, Inc.