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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: **June 30, 2019**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number**: 001-38063**

SILVERSUN TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**16-1633636**
(State or other jurisdiction of incorporation)	(IRS 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 pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.00001 per share	**SSNT**	**The NASDAQ Capital Market**

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 past 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller Reporting Company ☒
Emerging Growth Company ☐	

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

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

As of August 7, 2019, there were 4,500,755 shares outstanding of the registrant's common stock.

SILVERSUN TECHNOLOGIES, INC.

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash	$ 527,660	$ 1,900,857
Accounts receivable, net of allowance of $375,000	3,215,441	2,378,144
Unbilled services	659,114	172,447
Prepaid expenses and other current assets	415,744	434,307
Total current assets	4,817,959	4,885,755
Property and equipment, net	842,639	688,122
Operating lease right-of-use assets	842,947	-
Intangible assets, net	4,092,514	3,953,662
Goodwill	885,000	885,000
Deferred tax assets	1,268,055	1,292,055
Deposits and other assets	42,432	39,791
Total assets	$ 12,791,546	$ 11,744,385
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank line of credit	$ -	$ -
Accounts payable	1,702,526	2,028,218
Accrued expenses	1,080,085	1,785,306
Accrued interest	14,999	14,628
Income taxes payable	23,313	20,000
Contingent consideration – current portion	-	22,548
Long term debt - current portion	457,438	426,350
Finance lease obligations – current portion	172,353	87,355
Operating lease liabilities – current portion	275,117	-
Deferred revenue	2,843,077	1,848,821
Total current liabilities	6,568,908	6,233,226
Long term debt net of current portion	960,482	1,068,487
Finance lease obligations net of current portion	256,909	108,512
Operating lease liabilities net of current portion	567,830	-
Total liabilities	8,354,129	7,410,225
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 share issued and outstanding	1	1
Common stock, $0.00001 par value; authorized 75,000,000 shares; 4,500,755 shares issued and outstanding	46	46
Additional paid-in capital	11,774,034	11,763,923
Accumulated deficit	(7,336,664)	(7,429,810)
Total stockholders' equity	4,437,417	4,334,160
Total liabilities and stockholders' equity	$ 12,791,546	$ 11,744,385

See accompanying notes to the unaudited condensed consolidated financial statements.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenues:				
Software product, net	$ 1,601,814	$ 1,367,660	$ 3,336,772	$ 3,002,721
Service, net	8,823,711	8,315,564	17,581,511	15,990,578
Total revenues, net	10,425,525	9,683,224	20,918,283	18,993,299
Cost of revenues:				
Product	911,218	726,860	1,809,735	1,604,722
Service	5,252,571	4,930,467	10,369,921	9,421,942
Total cost of revenues	6,163,789	5,657,327	12,179,656	11,026,664
Gross profit	4,261,736	4,025,897	8,738,627	7,966,635
Selling, general and administrative expenses:				
Selling and marketing expenses	1,708,486	1,719,484	3,548,548	3,315,858
General and administrative expenses	2,306,354	2,093,905	4,587,502	4,153,573
Share-based compensation expenses	3,398	6,139	10,111	59,879
Depreciation and amortization expenses	221,481	174,042	430,620	316,676
Total selling, general and administrative expenses	4,239,719	3,993,570	8,576,781	7,845,986
Income from operations	22,017	32,327	161,846	120,649
Other income (expense):				
Interest expense, net	(24,131)	(8,109)	(40,611)	(14,798)
Total other income (expense)	(24,131)	(8,109)	(40,611)	(14,798)
(Loss) income before taxes	(2,114)	24,218	121,235	105,851
Provision for income taxes	776	7,000	28,089	30,246
Net (loss) income	$ (2,890)	$ 17,218	$ 93,146	$ 75,605
Net (loss) income per common share:				
Basic	$ 0.00	$ 0.00	$ 0.02	$ 0.02
Fully diluted	$ 0.00	$ 0.00	$ 0.02	$ 0.02
Weighted average shares:				
Basic	4,500,755	4,501,755	4,500,755	4,497,709
Diluted	4,500,755	4,617,804	4,782,698	4,557,734

See accompanying notes to the unaudited condensed consolidated financial statements.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2019	-	$ -	1	$ 1	4,500,755	$ 46	$ 11,763,923	$ (7,429,810)	$ 4,334,160
Share-based compensation	-	-	-	-	-	-	10,111	-	10,111
Net income	-	-	-	-	-	-	-	93,146	93,146
Balance at June 30, 2019	-	$ -	1	$ 1	4,500,755	$ 46	$ 11,774,034	$ (7,336,664)	$ 4,437,417

FOR THE SIX MONTHS ENDED JUNE 30, 2018

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at January 1, 2018	-	$ -	1	$ 1	4,489,903	$ 46	$ 11,919,316	$ (7,692,242)	$ 4,227,121
Issuance of common stock for services	-	-	-	-	11,852	-	45,306	-	45,306
Share-based compensation	-	-	-	-	-	-	14,572	-	14,572
Net income	-	-	-	-	-	-	-	75,605	75,605
Balance at June 30, 2018	-	$ -	1	$ 1	4,501,755	$ 46	$ 11,979,194	$ (7,616,637)	$ 4,362,604

See accompanying notes to the unaudited condensed consolidated financial statements.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED JUNE 30, 2019

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at April 1, 2019	-	$ -	1	$ 1	4,500,755	$ 46	$ 11,770,636	$ (7,333,774)	$ 4,436,909
Share-based compensation	-	-	-	-	-	-	3,398	-	3,398
Net loss	-	-	-	-	-	-	-	(2,890)	(2,890)
Balance at June 30, 2019	-	$ -	1	$ 1	4,500,755	$ 46	$ 11,774,034	$ (7,336,664)	$ 4,437,417

FOR THE THREE MONTHS ENDED JUNE 30, 2018

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at April 1, 2018	-	$ -	1	$ 1	4,501,755	$ 46	$ 11,973,055	$ (7,633,855)	$ 4,339,247
Share-based compensation	-	-	-	-	-	-	6,139	-	6,139
Net income	-	-	-	-	-	-	-	17,218	17,218
Balance at June 30, 2018	-	$ -	1	$ 1	4,501,755	$ 46	$ 11,979,194	$ (7,616,637)	$ 4,362,604

See accompanying notes to the unaudited condensed consolidated financial statements.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Cash flows from operating activities:		
Net income	$ 93,146	$ 75,605
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	24,000	28,000
Depreciation and amortization	161,112	147,744
Amortization of intangibles	269,509	168,933
Amortization of right of use assets	139,742	-
Bad debt expense	31,458	15,974
Share-based compensation	10,111	14,572
Common stock for services	-	45,306
Changes in assets and liabilities:		
Accounts receivable	(868,755)	(538,094)
Unbilled services	(486,667)	(137,157)
Prepaid expenses and other current assets	18,562	(24,037)
Deposits and other assets	(2,642)	2,613
Accounts payable	(325,692)	(448,229)
Accrued expenses	(480,184)	(123,317)
Income tax payable	3,313	(52,754)
Accrued interest	371	2,186
Deferred revenues	994,256	612,762
Operating lease obligations	(139,742)	-
Net cash used in operating activities	(558,102)	(209,893)
Cash flows from investing activities:		
Purchase of property and equipment	(23,693)	(32,742)
Acquisition of business	(60,000)	(300,000)
Software development costs	(174,360)	(329,987)
Net cash used in investing activities	(258,053)	(662,729)
Cash flows from financing activities:		
Payment of cash dividend	(225,038)	-
Payment of contingent consideration	(22,548)	(33,749)
Payment of long term debt	(250,917)	(115,966)
Payment of finance lease obligations	(58,539)	(58,878)
Net cash used in financing activities	(557,042)	(208,593)
Net decrease in cash	(1,373,197)	(1,081,215)
Cash, beginning of period	1,900,857	2,235,347
Cash, end of period	$ 527,660	$ 1,154,132
Cash paid during period for:		
Interest	$ 40,611	$ 15,018
Income taxes	$ 901	$ 56,564

See accompanying notes to the unaudited condensed consolidated financial statements.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

For the six months ended June 30, 2019:

The Company acquired certain assets of Partners in Technology, Inc. (“PIT”) for a $174,000 promissory note in addition to a cash payment of $60,000. (see Note 10).

Operating lease right of use assets and operating lease liabilities were recognized in the amount of $911,000 at January 1, 2019.

On April 1, 2019 the company entered into an operating lease in Lisle, IL and operating lease right of use assets and operating lease liabilities were recognized in the amount of $71,685.

The Company incurred approximately $291,936 in finance lease obligations for purchases of equipment.

For the six months ended June 30, 2018:

On March 31, 2018, the remaining principal and accrued interest on the note payable to Oates & Company, LLC. was offset against a related party receivable of $47,043.

The Company acquired certain assets of Info Management Systems, Inc. (“ISM”) for a $1,000,000 promissory note in addition to a cash payment of $300,000 and the assumption of certain capital lease obligations of approximately $25,734 (see Note 10).

The Company acquired certain assets of Nellnube, Inc (“NNB”) for a $400,000 promissory note and the assumption of certain capital lease obligations of approximately $57,964 (see Note 10).

The Company incurred approximately $80,875 in capital lease obligations for purchases of equipment.

See accompanying notes to the unaudited condensed consolidated financial statements.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – DESCRIPTION OF BUSINESS

SilverSun Technologies, Inc. ("SilverSun") through our wholly owned subsidiaries SWK Technologies, Inc. ("SWK"), Secure Cloud Services, Inc. ("SCS") and, Critical Cyber Defense Corp. ("CCD") together with SilverSun, (the "Company") is a value-added reseller and master developer for Sage Software's Sage100/500 and Sage ERP X3 financial and accounting software and Acumatica, Inc.'s cloud-based ERP software as well as the publisher of proprietary software solutions, including its own Electronic Data Interchange (EDI) software, "MAPADOC." Further the Company provides cloud hosting for business applications through SCS and also provides enterprise cybersecurity services via CCD. The Company is also a managed network service provider, providing remote network monitoring services, business continuity, disaster recovery and data backup. 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 was quoted on the Over-the-Counter Market Place ("OTCQB") under the symbol "SSNT" until April 18, 2017. Since April 19, 2017, the Company has been listed and is traded on the NASDAQ Capital Market under the symbol "SSNT".

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position of the Company as of June 30, 2019, the results of operations and cash flows for the three and six months ended June 30, 2019 and 2018. These results are not necessarily indicative of the results to be expected for the full year.

The financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and consequently have been condensed and do not include all of the disclosures normally made in an Annual Report on Form 10-K. The December 31, 2018 balance sheet included herein was derived from the audited consolidated financial statements included in the Company's annual report on Form 10-K. Accordingly, the financial statements included herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on March 28, 2019.

Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of SilverSun and its wholly-owned subsidiaries SWK, SCS, and CCD. All significant inter-company transactions and accounts 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 ("GAAP") 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.

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 for the three and six months ended June 30, 2019 and 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization of proprietary developed software

Software development costs are accounted for in accordance with ASC 985-20, *Software — Costs of Software to be Sold, Leased or Marketed* Costs associated with the planning and designing phase of software development are expensed as incurred. Once technological feasibility has been determined, a portion of the costs incurred in development, including coding, testing and quality assurance, are capitalized until available for general release to clients, and subsequently reported at the lower of unamortized cost or net realizable value. Amortization is calculated on a solution-by-solution basis and is over the estimated economic life of the software. Amortization commences when a solution is available for general release to clients.

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 for the three and six months ended June 30, 2019 and 2018.

Revenue Recognition

The Financial Accounting Standards Board "FASB" issued ASU 2014-09, *Revenue from Contracts with Customers: Topic 606* which superseded nearly all existing revenue recognition guidance under GAAP. The core principle of Topic 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Topic 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, among others. Topic 606 also provides guidance on the recognition of costs related to obtaining customer contracts.

With the adoption of ASC 606, the Company has elected the significant financing component practical expedient. In determining the transaction price, the Company does not adjust the promised amount of consideration for the effects of a significant financing component as the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Software product revenue is recognized when the product is delivered to the customer and the Company's performance obligation is fulfilled.

Service revenue is recognized when the professional consulting, maintenance or other ancillary services are provided to the customer. Shipping and handling costs charged to customers are classified as revenue, and the shipping and handling costs incurred are included in cost of sales.

	For the Three Months Ending June 30,		For the Six Months Ending June 30,	
	2019	**2018**	**2019**	**2018**
Professional Consulting	$ 3,362,010	$ 3,630,635	$ 6,638,862	$ 6,925,731
Maintenance Revenue	$ 1,774,542	$ 1,677,173	$ 3,773,015	$ 3,495,601
Ancillary Service Revenue	$ 3,687,159	$ 3,007,756	$ 7,169,634	$ 5,569,246

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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 on proprietary products, customer telephone support services 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. As of June 30, 2019, there was $418,706 in deferred maintenance, $288,117 in deferred support services, and $2,136,254 in deposits for future consulting services. As of December 31, 2018, there was $444,498 in deferred maintenance, $149,549 in deferred support services, and $1,254,774 in deposits for future consulting services.

Commissions

Sales commissions relating to service revenues are considered incremental and recoverable costs of obtaining a project with our customer. These commissions are calculated based on estimated revenue to be generated over the life of the project. These costs are deferred and expensed as the service revenue is earned. Commission expense is included in selling and marketing expenses in the accompanying condensed consolidated statements of income.

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 with various institutions, which exceed federally insured limits throughout the year. At June 30, 2019 and December 31, 2018, the Company had cash on deposit of approximately $202,490 and $1,473,286, respectively, in excess of the federally insured limits of $250,000.

As of June 30, 2019 and December 31, 2018, no one customer represented more than 10% of the total accounts receivable and unbilled services.

For the six months ended June 30, 2019 and 2018, the Company’s top ten customers accounted for 14% ($2,836,676) and 18% ($3,472,494), respectively, of our total revenues. The Company does not rely on any one specific customer for any significant portion of its revenue.

For the six months ended June 30, 2019 and 2018, purchases from one supplier through a “channel partner” agreement were approximately 19% and 22% of cost of revenues, respectively. 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.

As of June 30, 2019 and December 31, 2018, one supplier represented approximately 19% and 40% of total accounts payable respectively.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable and cash. As of June 30, 2019, the Company believes it has no significant risk related to its concentration of accounts receivable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consist primarily of invoices for maintenance and professional services. Full payment for software ordered by customers is primarily 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 and the customer's current ability to pay its obligations. Accounts are written off against the allowance when deemed uncollectable.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets, generally three to seven years. Leasehold improvements are amortized using the straight-line method over the estimated useful lives or the term of the lease, whichever is shorter. 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 Unaudited Condensed 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. Based on ASU 2015-17, all deferred tax assets or liabilities are classified as long-term. 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 2017 Tax Cuts and Jobs Act ("Tax Reform") was enacted on December 22, 2017. The Tax Reform includes a number of changes in existing tax law impacting businesses including a permanent reduction in the U.S. federal statutory rate from 34% to 21%, effective on January 1, 2018. Under U.S. GAAP, changes in tax rates and tax law are accounted for in the period of enactment and deferred tax assets and liabilities are measured at the enacted tax rate. The rate reconciliation includes the Company's assessment of the accounting under the Tax Reform which is based on information that was available to management at the time the unaudited condensed consolidated financial statements were prepared.

The Company files income tax returns in the U.S. federal and state jurisdictions. Tax years 2015 to 2018 remain open to examination for both the U.S. federal and state jurisdictions.

There were no liabilities for uncertain tax positions at June 30, 2019 or December 31, 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 leases 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 Notes 5 and 10.

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 and expected term. Any changes in these highly subjective assumptions may significantly impact stock-based compensation expense.

Recently Adopted Authoritative Pronouncements

In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The new standard is effective on January 1, 2019. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard for the comparative periods. The Company adopted the new standard on January 1, 2019 and use the effective date as the date of initial application. Consequently, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2019. The new standard provides a number of optional practical expedients in transition. The Company elects the 'package of practical expedients', which permits the Company not to reassess under the new standard prior conclusions about lease identification, lease classification and initial direct costs. On adoption, the Company recognized additional operating lease liabilities of approximately $911,000 with corresponding ROU assets of the same amount based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2018, the FASB, issued ASU No. 2018-07 to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The new guidance expands the scope of Accounting Standards Codification, or ASC, 718 to include share-based payments granted to nonemployees in exchange for goods or services used or consumed in an entity's own operations and supersedes the guidance in ASC 505-50. The guidance is effective for public business entities in annual periods beginning after December 15, 2018, and interim periods within those annual periods. Early adoption is permitted, including in an interim period for which financial statements have not been issued, but not before an entity adopts ASC 606. This was adopted on January 1, 2019 and did not have a material impact on the financial position and results of operations.

Recent Authoritative Pronouncements

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350), which includes provisions, intended to simplify the test for goodwill impairment. The standard is effective for annual periods beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We do not expect the adoption of this standard to have a significant impact on our financial position and results of operations.

No other recently issued accounting pronouncements had or are expected to have a material impact on the Company's consolidated financial statements.

NOTE 3 – NET (LOSS) 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 six months ended June 30, 2019 and three and six months ended June 30, 2018 does not include all share equivalents as the exercise price of certain warrants and options exceeded the average market price of the common stock. Options in the money under the treasury stock method and convertible debt, based on if-converted method are included below. For the three months ended June 30, 2019 all warrants and options are excluded as the company is in a net loss position.

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018
Basic net (loss) income per share computation:		
Net (loss) income	$ (2,890)	$ 17,218
Weighted-average common shares outstanding	4,500,755	4,501,755
Basic net (loss) income per share	$ 0.00	$ 0.00
Diluted net (loss) income per share computation:		
Net (loss) income per above	$ (2,890)	$ 17,218
Interest on convertible debt	-	2,333
Net (loss) income	(2,890)	19,551
Weighted-average common shares outstanding	4,500,755	4,501,755
Incremental shares for stock options	-	4,000
Incremental shares for convertible promissory notes	-	112,049
Total adjusted weighted-average shares	4,500,755	4,617,804
Diluted net (loss) income per share	$ 0.00	$ 0.00

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 3 – NET (LOSS) INCOME PER COMMON SHARE (Continued)

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Basic net income per share computation:		
Net income	$ 93,146	$ 75,605
Weighted-average common shares outstanding	4,500,755	4,497,709
Basic net income per share	$ 0.02	$ 0.02
Diluted net income per share computation:		
Net income per above	$ 93,146	$ 75,605
Interest on convertible debt	12,100	2,333
Net income	105,246	77,938
Weighted-average common shares outstanding	4,500,755	4,497,709
Incremental shares for stock options	1,000	4,000
Incremental shares for convertible promissory notes	280,943	56,025
Total adjusted weighted-average shares	4,782,698	4,557,734
Diluted net income per share	$ 0.02	$ 0.02

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

	Three Months June 30, 2019	Three Months June 30, 2018
Stock options	46,947	52,280
Warrants	208,241	208,241
Total potential dilutive securities not included in income per share	255,188	260,521

	Six Months June 30, 2019	Six Months June 30, 2018
Stock options	41,613	52,280
Warrants	208,241	208,241
Total potential dilutive securities not included in income per share	249,854	260,521

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	June 30, 2019	December 31, 2018
Leasehold improvements	$ 98,831	$ 98,831
Equipment, furniture and fixtures	2,795,361	2,479,732
	2,894,192	2,578,563
Less: Accumulated depreciation and amortization	(2,051,553)	(1,890,441)
Property and equipment, net	$ 842,639	$ 688,122

Depreciation and amortization expense related to these assets was $86,726 and $161,112, respectively for the three and six months ended June 30, 2019 as compared to $76,606 and $147,744 for the three and six months ended June 30, 2018.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 – PROPERTY AND EQUIPMENT (Continued)

Property and equipment under finance leases are summarized as follows:

	June 30, 2019	December 31, 2018
Equipment, furniture and fixtures	708,272	436,084
Less: Accumulated amortization	(150,510)	(103,061)
Property and equipment, net	$ 557,762	$ 333,023

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of proprietary developed software, intellectual property, customer lists and acquired contracts 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:

	June 30, 2019	December 31, 2018	Estimated Useful Lives
Proprietary developed software	$ 1,984,011	$ 1,809,651	5 – 7
Intellectual property, customer list, and acquired contracts	4,436,014	4,202,014	5 – 15
Total intangible assets	$ 6,420,025	$ 6,011,665	
Less: accumulated amortization	(2,327,511)	(2,058,003)	
	$ 4,092,514	$ 3,953,662	

Amortization expense included in depreciation and amortization expense was $134,755 and $269,509 for the three and six months ended June 30, 2019 as compared to $97,437 and $168,933 for the three and six months ended June 30, 2018. Included in proprietary developed software is $462,269 for the six months ended June 30, 2019 and $303,361 for the year ended December 31, 2018 not yet in service. The Company expects the proprietary developed software to be placed in service in 2019, and has included the amortization in the future amortization schedule accordingly.

The Company expects future amortization expense to be the following:

	Amortization
Balance of 2019	$ 308,032
2020	587,065
2021	550,515
2022	483,813
2023	420,700
Thereafter	1,742,389
Total	$ 4,092,514

NOTE 6 – LINE OF CREDIT AND LONG-TERM DEBT, RELATED PARTY

On September 11, 2018, SWK entered into a Revolving Demand Note (the "JPM Revolving Demand Note") by and between SWK and JPMorgan Chase Bank ("JPM Lender"), a commercial lender. JPM Lender has agreed to loan SWK up to a principal amount of two million dollars. The interest rate on the JPM Revolving Demand Note shall be a variable rate, equal to the "Adjusted LIBOR Rate", plus two and one quarter percent (2.25%) per annum (4.66% at June 30, 2019). The JPM Revolving Demand Note is secured by all of SWK's assets pursuant to a Security Agreement. The line is also collateralized by substantially all of the assets of the Company. The JPM Revolving Demand Note expires August 31, 2019. The line has not been renewed yet but the Company plans to renew it. At June 30, 2019 and December 31, 2018 there was no balance due under the JPM Revolving Demand Note.

On May 6, 2014, SWK acquired certain assets of ESC, Inc. pursuant to an Asset Purchase Agreement and the issuance of a promissory note in the aggregate principal amount of $350,000 (the "ESC Note"). The ESC Note matured on April 1, 2019 and was paid off on that date. Monthly payments were $6,135 including interest at two percent (2%) per year. At June 30, 2019 and December 31, 2018, the outstanding balance was $0 and $30,521, respectively.

On July 6, 2015, SWK acquired certain assets of ProductiveTech Inc. ("PTI") pursuant to an Asset Purchase Agreement for cash of $500,000 and a promissory note in the aggregate principal amount of $600,000 (the "PTI Note"). The PTI Note is due 60 months from the closing date and bears interest at a rate of two and one half percent (2.5%). Monthly payments including interest are $10,645. At June 30, 2019 and December 31, 2018, the outstanding balance was $136,390 and $198,106, respectively.

On May 31, 2018, SWK acquired certain assets of Info Sys Management, Inc. ("ISM") pursuant to an Asset Purchase Agreement for cash of $300,000 and a promissory note issued in the aggregate principal amount of $1,000,000 (the "ISM Note"). The ISM Note is due five years from the closing date and bears interest at a rate of two percent (2%). Monthly payments including interest are $17,528. The ISM Note has an optional conversion feature where the holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, until payment in full of the ISM Note, all of the principal amount of the ISM Note, plus accrued interest, into shares (the "Conversion Shares") of the Company's Common Stock, ("Common Stock"), at a price equal to the average closing price of its Common Stock for the five (5) trading days immediately preceding the issuance date of the ISM Note (the "Fixed Conversion Price") which equates to $4.03 per Conversion Share based on the above formula. At June 30, 2019 and December 31, 2018 the outstanding balance on the ISM Note was $807,912 and $904,436 respectively.

On May 31, 2018, Secure Cloud Services acquired certain assets of Nellnube, Inc. ("Nellnube") pursuant to an Asset Purchase Agreement for a promissory note issued in the aggregate principal amount of $400,000 (the "Nellnube Note"). The Nellnube Note is due five years from the closing date and bears interest at a rate of two percent (2%). Monthly payments including interest are $7,011. The Nellnube Note has an optional conversion feature where the holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, until payment in full of the Nellnube Note, all of the principal amount of the Nellnube Note, plus accrued interest, into shares (the "Conversion Shares") of the Company's Common Stock, ("Common Stock"), at a price equal to the average closing price of its Common Stock for the five (5) trading days immediately preceding the issuance date of the Nellnube Note (the "Fixed Conversion Price") which equates to $4.03 per Conversion Share based on the above formula. At June 30, 2019 and December 31, 2018 the outstanding balance on the Nellnube Note was $323,165 and $361,774 respectively.

On January 1, 2019, SWK acquired certain assets of Partners in Technology, Inc. ("PIT") pursuant to an Asset Purchase Agreement for cash of $60,000 and the issuance of a promissory note in the aggregate principal amount of $174,000 (the "PIT Note"). The PIT Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%). Monthly payments including interest are $4,984. At June 30, 2019 the outstanding balance was $150,453.

At June 30, 2019, future payments of long term debt are as follows:

Remainder of 2019	$	227,498
2020		408,901
2021		341,763
2022		293,380
2023		146,378
Total	$	1,417,920

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 7 – FINANCE AND 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 in the accompanying consolidated balance sheets. The related obligations are based upon the present value of the future minimum lease payments with the following:

	June 30, 2019
Weighted average remaining lease term	2.73
Weighted average interest rate	5.50%

At June 30, 2019, future payments under finance leases are as follows:

Remainder of 2019	$	97,990
2020		174,906
2021		126,489
2022		57,884
2023		6,640
Total minimum lease payments		463,909
Less amounts representing interest		(34,647)
Present value of net minimum lease payments		429,262
Less current portion		(172,353)
Long-term finance lease obligation	$	256,909

The Company included capital lease obligations as of December 31, 2018 under the finance lease obligations caption in the unaudited condensed consolidated balance sheet.

Disclosures related to periods prior to adoption of ASU 2016-02

The Company adopted ASU 2016-02 using a modified retrospective adoption method at January 1, 2019 as noted in Note 2 "Recently Adopted Authoritative Standards". As required, the following disclosure is provided for periods prior to adoption. Minimum capital lease commitments as of December 31, 2018 that have initial or remaining lease terms in excess of one year are as follows:

2019	$	97,259
2020		70,147
2021		21,728
2022		19,920
2023		6,640
Total minimum lease payments		215,694
Less amounts representing interest		(19,827)
Present value of net minimum lease payments		195,867
Less current portion		(87,355)
Long-term capital lease obligation	$	108,512

NOTE 8 – OPERATING LEASE LIABILITY

The Company leases office space in ten different locations with monthly payments ranging from $720 to $10,044 which expire at various dates through April 2024.

The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease. The Company used incremental borrowing rates as of January 1, 2019 for operating leases that commenced prior to that date.

NOTE 8 – OPERATING LEASE LIABILITY (Continued)

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of June 30, 2019 are as follows:

	June 30, 2019
Weighted average remaining lease term	3.97
Weighted average discount rate	4.77%

The following table reconciles the undiscounted future minimum lease payments (displayed by year and in the aggregate) under noncancelable operating leases with terms of more than one year to the total lease liabilities recognized on the condensed consolidated balance sheet as of June 30, 2019:

Remainder 2019	$	156,879
2020		285,289
2021		221,018
2022		133,568
2023		119,677
Thereafter		40,177
Total undiscounted future minimum lease payments		956,608
Less: Difference between undiscounted lease payments and discounted lease liabilities		(113,661)
Total operating lease liabilities	$	842,947
Less current portion		(275,117)
Long-term operating lease liabilities	$	567,830

Total rent expense under operating leases for the three and six months ended June 30, 2019 was $103,438 and $260,823 as compared to $101,861 and $210,380 for the three and six months ended June 30, 2018.

Disclosures related to periods prior to adoption of ASU 2016-02

The Company adopted ASU 2016-02 using a modified retrospective adoption method at January 1, 2019 as noted in Note 2 “Recently Adopted Authoritative Standards”. As required, the following disclosure is provided for periods prior to adoption. Minimum operating lease commitments as of December 31, 2018 that have initial or remaining lease terms in excess of one year are as follows:

2019	$	369,561
2020		261,542
2021		196,680
2022		127,447
2023		119,677
Thereafter		40,177
	$	1,115,084

NOTE 9 – EQUITY

Equity

On January 18, 2018, the Company issued 100 shares of stock each to 10 non-executive employees of SWK valued at $3,830 based on the current market price at issuance date. On October 24, 2018, the Company cancelled an aggregate of 1,000 shares of stock previously issued on January 18, 2018 to ten non-executive employees of SWK in order to comply with Nasdaq Listing Rule 5365(c). Upon cancellation of such shares, the Company regained compliance with Nasdaq Listing Rule 5365(c).

On February 8, 2018 and March 23, 2018, the Company issued 4,825 and 5,115 shares of stock, respectively, in exchange for financial advisory services. The shares are based on the current market price at issuance date with a value of $17,852 and $20,204, respectively.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 9 – EQUITY (Continued)

On March 30, 2018, the Company issued 912 shares of stock for legal services valued at $3,420 based on the current market price at issuance date.

All shares issued during the three month period ended March 31, 2018 were fully vested.

On October 24, 2018, the Company cancelled an aggregate of 1,000 shares of stock previously issued on January 18, 2018 to ten non-executive employees of SWK. This was in response to the Company's non-compliance with Nasdaq Listing Rule 5365(c). Upon cancellation of such shares, the Company regained compliance with Nasdaq Listing Rule 5365(c).

On December 24, 2018, the Company announced the payment of a $0.05 special cash dividend per share of Common Stock. The dividend payments announced in December were paid out on January 14, 2019 for an aggregate amount of approximately $225,038, which was applied against additional paid in capital and included in accrued expenses at December 31, 2018.

Options

A summary of the status of the Company's stock option plans for the fiscal years ended December 31, 2018 and the six months ending June 30, 2019 and changes during the years are presented below (in number of options):

	Number of Options	Average Exercise Price	Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding options at January 1, 2018	62,280	$ 3.78	2.0 years	$ -0-
Options granted	-	-	-	
Options canceled/forfeited	(6,000)	$ 4.00		
Outstanding options at December 31, 2018	56,280	$ 3.75	1.0 years	$ -0-
Options granted	-			
Options exercised	-			
Options canceled/forfeited/expired	(20,000)	$ 4.50		
Outstanding options at June 30, 2019	36,280	$ 3.34	0.9 years	$ -0-
Vested Options:				
June 30, 2019:	25,240	$ 3.16	0.8 years	$ -0-
December 31, 2018:	43,640	$ 3.70	0.9 years	$ -0-

As of June 30, 2019, the unamortized compensation expense for stock options was $13,593. Unamortized compensation expense is expected to be recognized over a weighted-average period of 1.25 years.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 9 – EQUITY (Continued)

Warrants

The following table summarizes the warrants transactions:

	Warrants Outstanding	Weighted Average Exercise Price	Average Remaining Contractual Term
Balance, January 1, 2018	208,241	$ 5.26	2.3 years
Granted	-	$ -	
Exercised	-	$ -	
Canceled	-	$ -	
Outstanding and Exercisable December 31, 2018	208,241	$ 5.26	1.3 years
Granted	-	$ -	
Exercised	-	$ -	
Canceled	-	$ -	
Outstanding and Exercisable June 30, 2019	208,241	$ 5.26	0.8 years

NOTE 10 – BUSINESS COMBINATION

On May 31, 2018 SWK acquired certain assets of Info Sys Management, Inc. (“ISM”), a reseller of Sage and Acumatica software, pursuant to an Asset Purchase Agreement in exchange for a convertible promissory note in the aggregate principal amount of $1,000,000 (“ISM Note”, see Note 6) and a cash payment of $300,000. The allocation of the purchase price to customer lists with an estimated life of fifteen years, deposits and other assets, fixed assets and goodwill, which is deductible for tax purposes, has been based on an independent valuation.

On May 31, 2018 SCS acquired certain assets of Nellnube, Inc. (“Nellnube”), a business application hosting company, pursuant to an Asset Purchase Agreement in exchange for a convertible promissory note (“Nellnube Note”, see Note 6) in the aggregate principal amount of $400,000. The allocation of the purchase price to customer lists with an estimated life of fifteen years, fixed assets and goodwill, which is deductible for tax purposes, has been based on an independent valuation.

On January 1, 2019, SWK acquired certain assets of Partners in Technology, Inc. (“PIT”) pursuant to an Asset Purchase Agreement in exchange for cash of $60,000 and a promissory note in the aggregate principal amount of $174,000 (“PIT Note”). The PIT Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%). Monthly payments including interest are $4,984. Upon completion of an independent valuation, the allocation of the purchase price to customer lists will be modified with the excess purchase consideration being allocated to goodwill.

The Company expects these acquisitions to create synergies by combining operations and expanding geographic market share and product offerings.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 10 – BUSINESS COMBINATION (Continued)

The following summarizes the purchase price allocation for all prior year and current year's acquisitions:

	ISM	Nellnube	PIT (preliminary)
Cash consideration	$ 300,000	$ -	$ 60,000
Note payable	1,000,000	$ 400,000	174,000
Total purchase price	$ 1,300,000	$ 400,000	$ 234,000
Deposits and other assets	$ 7,235	$ -	$ -
Property and equipment	170,000	50,000	-
Customer List	750,499	321,964	234,000
Goodwill	398,000	86,000	-
Total assets acquired	1,325,734	457,964	234,000
Capital lease obligations	(25,734)	(57,964)	(-)
Liabilities acquired	(25,734)	(57,964)	(-)
Net assets acquired	$ 1,300,000	$ 400,000	$ 234,000

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, 2018, 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 three and six months ended June 30, 2018 as if the acquisition occurred on January 1, 2018. Operating expenses have been increased for the amortization expense associated with the estimated fair value adjustment as of June 30, 2018 of expected definite lived intangible assets and interest on the notes payable.

Pro Forma	Three Months Ended June 30, 2018
Net revenues	$ 10,470,571
Cost of revenues	5,967,982
Operating expenses	4,416,871
Income before taxes	85,718
Net income	$ 62,728
Basic and diluted income per common share	$ 0.01

Pro Forma	Six Months Ended June 30, 2018
Net revenues	$ 21,151,762
Cost of revenues	11,965,325
Operating expenses	8,952,423
Income before taxes	234,014
Net income	$ 170,446
Basic and diluted income per common share	$ 0.04

The Company's condensed consolidated financial statements for the three and six months ending June 30, 2019 include the actual results of Partners in Technology since the date of acquisition, January 1, 2019.

The three months ended June 30, 2018 pro-forma results above include two months of results of ISM and Nellnube and three months of PIT. The six months ended June 30, 2018 pro-forma results above include five months of results of ISM and Nellnube and six months of PIT. For the three months ending June 30, 2018, there is $25,455 of estimated amortization expense included in the ISM/Nellnube/PIT pro-forma results. For the six months ending June 30, 2018, there is $59,423 of estimated amortization expense included in the ISM/Nellnube/PIT pro-forma results.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 10 – BUSINESS COMBINATION (Continued)

For the six months ended June 30, 2019, the ISM/Nellnube/PIT operations had a net income before taxes of $162,289 which represented six months operations that was included in the Company's Condensed Unaudited Consolidated Statement of Income. This consisted of approximately $1,844,550 in revenues, $871,997 in cost of revenues, and $810,264 in operating expenses.

For the three months ended June 30, 2019, the ISM/Nellnube/PIT operations had a net income before taxes of $79,165 which represented three months operations that was included in the Company's Condensed Unaudited Consolidated Statement of Income. This consisted of approximately $929,347 in revenues, $447,618 in cost of revenues, and $402,564 in operating expenses.

For the three and six months ended June 30, 2018, the ISM/NNB operations had a net income before taxes of $19,324 which represented one month of operations that was included in the Company's Condensed Unaudited Consolidated Statement of Income. This consisted of approximately $200,343 in revenues, $75,960 in cost of revenues, and $105,059 in operating expenses.

NOTE 11 – 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 $6,414,000 as of June 30, 2019, 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 2024 to 2033.

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.

Income tax provision:

	Six Months Ended	
	June 30, 2019	**June 30, 2018**
Current:		
Federal	$ -	$ -
State and local	4,089	2,246
Total current tax provision	4,089	2,246
Deferred:		
Federal	23,000	26,000
State and local	1,000	2,000
Total deferred tax provision	24,000	28,000
Total provision	$ 28,089	30,246

For the six months ended June 30, 2019, 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 Incentive Stock Options (ISO) expense and 50% of meals, 100% entertainment expenses which are not deductible. The provision for the six months ended June 30, 2019 was $28,089. The effective tax rate consists primarily of the 21% federal statutory tax rate and a blended 5% state and local tax rate.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Company leases its North Syracuse office space from its former CFO, Crandall Melvin III, which expires on May 31, 2021. The monthly rent for this office space is $2,300. Total rent expense for the three and six months ended June 30, 2019 was $6,900 and $13,800 as compared to $6,500 and $12,800 for the three and six months ended June 30, 2018.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 12 – RELATED PARTY TRANSACTIONS (Continued)

The Company leased its Seattle office space from Mary Abdian, an employee of SWK, which expired September 30, 2018 however, this lease was terminated on May 31, 2018 by mutual consent. The monthly rent for this office space was $3,090 and increased 3% each year. Total rent expense for the three months and six months ended June 30, 2019 was $0 as compared to $6,365 and $15,915 for the three and six months ended June 30, 2018.

As of June 30, 2019, long term debt is considered related party liabilities as holders are current employees of the Company, see Note 6.

NOTE 13 – COMMITMENTS

Contingent Consideration

On October 1, 2015, SWK entered into an Asset Purchase Agreement (the "Macabe Purchase Agreement") with The Macabe Associates, Inc., ("Macabe"), a Washington corporation and Mary Abdian and John Nicholson in their individual capacity as Macabe Shareholders. Pursuant to the Macabe Purchae Agreement, SWK acquired certain assets and liabilities of Macabe (as defined in the Macabe Purchase Agreement). In consideration for the acquired assets, the Company paid $21,423 in cash. 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 year period after the acquisition. The Company estimated this contingent consideration to be approximately $417,971 at acquisition. Certain payments were made in each of these contingent consideration components, resulting in a remaining balance of $0 as of June 30, 2019. The Company estimates that any additional payments under this plan will not be material.

Contingencies

On March 4, 2019, a derivative lawsuit was filed in the Delaware Court of Chancery, by a purported stockholder of the Company against the members of the Company's Board of Directors as of March 4, 2019 surrounding the Company's capital structure. The complaint has named the Company as a nominal defendant. There was no certain amount of monetary damages sought in the complaint. The plaintiff seeks equitable and injunctive relief, and any other money damages, and costs and disbursements, and such other relief deemed just and proper, including specifically legal fees, see Note 14.

NOTE 14 – SUBSEQUENT EVENTS

On March 4, 2019, plaintiff John Solak ("Plaintiff") commenced a direct and derivative action in the Delaware Court of Chancery (the "Action"): both on his own behalf as a stockholder of Silversun Technologies, Inc. ("SilverSun" or the "Company") and derivatively on behalf of Silversun against the Company's officers and directors relating to stockholder voting rights granted to the Company's Chairman and Chief Executive Officer, Mark Meller in the form of Series B Preferred Stock.

On or about April 22, 2019, the Company determined to undertake certain actions relating to the Series B Preferred Stock challenged in Plaintiff's complaint, including cancellation, as well as certain changes to the Company's governance policies.

The Company's officers and directors have at all relevant times denied, and continue to deny, any alleged violations of Delaware law. Plaintiff's counsel believe that the remedial measures by SilverSun in response to the Action render the Action moot, and give rise only to a claim for attorney's fees. The Company and the Plaintiff agreed that the Company shall pay $115,000 to Plaintiff's counsel for fees and expenses. The Court of Chancery of the State of Delaware has not been asked to review, and will pass no judgment on, this payment of fees and expenses or its reasonableness.

The Stipulation and Order Regarding Notice to Stockholders was entered into by Solak, the Company and the Company's officers and directors on August 2, 2019 and this matter is now resolved.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations,

This quarterly report on Form 10-Q and other reports filed by SilverSun Technologies, Inc. and its wholly owned subsidiaries, SWK Technologies, Inc., Secure Cloud Services, Inc., and Critical Cyber Defense Corp. (collectively the "Company", "we", "our", and "us") 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 Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, 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 unaudited condensed consolidated 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 consolidated financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our consolidated 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

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, cybersecurity, application hosting, disaster recovery business continuity, cloud and other services. Our customers are nationwide, with concentrations in the New York/New Jersey metropolitan area, Arizona, Southern California, North Carolina, Washington, Oregon and Illinois.

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 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 cloud-based ERP solutions, we also have in our ERP portfolio 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 we resell plus the Acumatica ERP solution. 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 application hosting, IT consulting and managed network 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.

Results of Operations for the Three and Six Months Ended June 30, 2019 and 2018.

During the six months ended June 30, 2019 the Company continued to expand its customer base and growth trend which we believe will provide a basis for future growth, as revenues increased 10.14% from the same six months period in the prior year.

Revenues

Revenues for the three months ended June 30, 2019 increased $742,301 (7.67%) to $10,425,525 as compared to $9,683,224 for the three months ended June 30, 2018. Revenues for the six months ended June 30, 2019 increased $1,924,984 (10.14%) to $20,918,283 as compared to $18,993,299 for the six months ended June 30, 2018. The majority of this increase for the six months ended June 30, 2019 is due to the additional revenue from the ISM/NNB and PIT acquisitions.

Software sales increased $234,154 (17.12%) to $1,601,814 for the three months ended June 30, 2019 as compared to $1,367,660 for the three months ended June 30, 2018. For the six months ended June 30, 2019 software sales increased $334,051 (11.12%) to $3,336,772 from $3,002,721 for the same period in 2018. The increase is attributable to increased Acumatica sales and increased sales of third party products to our installed customer base.

Service revenue increased by $508,147 to $8,823,711 for the three months ended June 30, 2019 from $8,315,564 for the same period in 2018 for an overall increase of 6.11%. Service revenue increased by $1,590,933 to $17,581,511 for the six months ended June 30, 2019 from $15,990,578 for the same period in 2018 for an overall increase of 9.95%. This increase is attributed to the increase in subscription revenue.

Gross Profit

Gross profit for the three months ended June 30, 2019 increased $235,839 (5.86%) to $4,261,736 as compared to $4,025,897 for the three months ended June 30, 2018. For the three month period ended June 30, 2019, the overall gross profit percentage was 40.9% as compared to 41.6% for the period ended June 30, 2018.

Gross profit for the six months ended June 30, 2019 increased $771,992 (9.69%) to $8,738,627 as compared to $7,966,635 for the six months ended June 30, 2018. For the six month period ended June 30, 2019, the overall gross profit percentage was 41.8% as compared to 41.9% for the period ended June 30, 2018.

The gross profit attributed to software sales increased $49,796 to $690,596 for the three months ending June 30, 2019 from $640,800 in the three months ending June 30, 2018 and gross profit attributed to software sales increased $129,038 to $1,527,037 for the six months ending June 30, 2019 from $1,397,999 in the six months ending June 30, 2018. This increase is attributed to the increase in software sales for the period.

The gross profit attributed to services increased $186,043 to $3,571,140 for the three months ending June 30, 2019 from $3,385,097 for the three months ending June 30, 2018 while gross profit attributed to services increased $642,954 to $ 7,211,590 for the six months ending June 30, 2019 from $ 6,568,636 for the six months ending June 30, 2018. This increase is attributed to the increase in subscription revenue for the period.

Operating Expenses

Selling and marketing expenses decreased $10,998 (0.64%) to $1,708,486 for the three months ending June 30, 2019 from $1,719,484 in the three months ending June 30, 2018. Selling and marketing expenses increased $232,690 (7.02%) to $3,548,548 for the six months ended June 30, 2019 compared to $3,315,858 for the six months ended June 30, 2018. This is due to increased sales personnel and travel expenses as a result of an increase in sales and marketing activity primarily attributed to both publisher trade shows and the Company's partner success program with its primary publisher of ERP software.

General and administrative expenses increased $212,449 (10.15%) to $2,306,354 for the three months ending June 30, 2019 from $2,093,905 in the three months ending June 30, 2018. General and administrative expenses increased $433,929 (10.45%) to $4,587,502 for the six months ended June 30, 2019 as compared to $4,153,573 for the six months ended June 30, 2018. This is primarily as a result of increases in payroll and related expenses associated with the addition of management personnel.

Depreciation and amortization expense increased $47,439 for the three months ended June 30, 2019 to $221,481 as compared to $174,042 for the three months ended June 30, 2018. Depreciation and amortization expense increased $113,944 for the six months ended June 30, 2019 to $430,620 as compared to $316,676 for the six months ended June 30, 2018. This increase is attributed to both increase in equipment as well as amortization associated with the purchase of ISM/Nellnube in 2018.

Income from Operations

For the three and six months ended June 30, 2019, the Company had income from operations of $22,017 and $161,846 respectively as compared to income from operations of $32,327 and $120,649, respectively for the three and six months ended June 30, 2018. The decreases for the three months ended June 30, 2019 is due to increases in payroll and related expenses associated with the addition of management and sales personnel.

Income Taxes

For the six months ended June 30, 2019, 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 Incentive Stock Options (ISO) expense and 50% of general meals and entertainment expense which is not tax deductible. The provision for the six months ended June 30, 2019 was $28,089. The effective tax rate consists primarily of the 21% federal statutory tax rate and a blended 5% state and local tax rate. The 2017 Tax Cuts and Jobs Act ("Tax Reform") was enacted on December 22, 2017. The Tax Reform includes a number of changes in existing tax law impacting businesses including a permanent reduction in the U.S. federal statutory rate from 34% to 21%, effective on January 1, 2018.

Net Income

For the three and six months June 30, 2019, the Company had net loss of $2,890 and net income of $93,146 respectively as compared to a net income of $17,218 and $76,605 respectively for the three and six months ended June 30, 2018. The net income for the three months ended June 30, 2019 is down compared to the three months ended June 30, 2018 primarily due to the additional payroll and related expenses associated with the addition of management personnel.

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 and managed services market with solid revenue streams and established customer bases that generate positive cash flow.

On September 11, 2018, SWK entered into a Revolving Demand Note (the “JPM Revolving Demand Note”) by and between SWK and JPMorgan Chase Bank (“JPM Lender”), a commercial lender. JPM Lender through the JPM Revolving Demand Note, has agreed to loan SWK up to a principal amount of two million dollars ($2,000,000). The interest rate on the JPM Revolving Demand Note shall be a variable rate, equal to the “Adjusted LIBOR Rate”, plus two and one quarter percent (2.25%) per annum (4.66% at June 30, 2019). The JPM Revolving Demand Note is secured by all of SWK’s assets pursuant to a Security Agreement. The JPM Revolving Demand Note is also collateralized by substantially all of the assets of the Company. The JPM Revolving Demand Note expires August 31, 2019. At June 30, 2019 and December 31, 2018 there was no balance due under the JPM Revolving Demand Note.

As of June 30, 2019, the Company has $1,417,920 notes outstanding from acquisitions occurring between 2014 and through 2019. Future payments on these notes are as follows:

Remainder of 2019	$	227,498
2020		408,901
2021		341,763
2022		293,380
2023		146,378
Total	$	1,417,920

During the six months ended June 30, 2019, the Company had a net decrease in cash of $1,373,197. The Company’s principal sources and uses of funds were as follows:

Cash used in operating activities

The Company used $558,102 in cash from operating activities for the six months ended June 30, 2019 as compared to using cash of $209,893 for the same period in 2018. This increase is due in large part to the decrease in accounts payable and accrued expense.

Cash used in investing activities

Investing activities for the six months ended June 30, 2019 used cash of $258,053 as compared to using cash of $662,729 for the same period in 2018. This decrease is due to the fact that for the same period last year, the company had acquired ISM/NNB and had more in software development costs.

Cash used in financing activities

Financing activities for the six months ended June 30, 2019 used cash of $557,042 as compared to using cash of $208,593 for the same period in 2018. The use was due primarily to the payment of the cash dividend in January 2019.

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 six months ended June 30, 2019.

Off Balance Sheet Arrangements

During the six months ended June 30, 2019 or for fiscal 2018, 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 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

(a) Evaluation of Disclosure and Control Procedures

We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In designing and evaluating our disclosure controls and procedures, our management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act. Based on the controls evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of the date of their evaluation, our disclosure controls and procedures were effective to provide reasonable assurance that (a) the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (b) such information is accumulated and communicated to our management, including our Chief Executive Officer and President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Other than indicated below, 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. Other than indicated below, to our knowledge, 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 subsidiaries, threatened against or affecting our Company, our common stock, our subsidiaries or of our Company's or our Company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

On March 4, 2019, plaintiff John Solak ("Plaintiff") commenced a direct and derivative action in the Delaware Court of Chancery (the "Action"): both on his own behalf as a stockholder of Silversun Technologies, Inc. ("SilverSun" or the "Company") and derivatively on behalf of Silversun against the Company's officers and directors relating to stockholder voting rights granted to the Company's Chairman and Chief Executive Officer, Mark Meller in the form of Series B Preferred Stock.

On or about April 22, 2019, the Company determined to undertake certain actions relating to the Series B Preferred Stock challenged in Plaintiff's complaint, as well as certain changes to the Company's governance policies.

The Company's officers and directors have at all relevant times denied, and continue to deny, any alleged violations of Delaware law. Plaintiff's counsel believe that the remedial measures by SilverSun in response to the Action render the Action moot, and give rise only to a claim for attorney's fees. The Company and the Plaintiff agreed that the Company shall pay $115,000 to Plaintiff's counsel for fees and expenses. The Court of Chancery of the State of Delaware has not been asked to review, and will pass no judgment on, this payment of fees and expenses or its reasonableness.

The Stipulation and Order Regarding Notice to Stockholders was entered into by Solak, the Company and the Company's officers and directors on August 2, 2019 and this matter is now resolved.

Item 1A. Risk Factors

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 28, 2019.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Other than disclosed above in the financial statements and footnotes, there were no unregistered sales of equity securities that were not otherwise disclosed in a current report on Form 8-K.

Item 3. Defaults upon Senior Securities

There has been no default in the payment of principal, interest, sinking or purchase fund installment, or any other material default, with respect to any indebtedness of the Company.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

There is no other information required to be disclosed under this item which has not been previously reported.

Table of Contents

Item 6. Exhibits

31.1	Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
31.2	Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
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

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

SILVERSUN TECHNOLOGIES, INC.

Dated: August 8, 2019	By:	*/s/ Mark Meller* Mark Meller Principal Executive Officer
Dated: August 8, 2019	By:	*/s/ Christine Dye* Christine Dye Principal Financial Officer and Principal Accounting Officer

EXHIBIT 31.1

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

I, Mark Meller, certify that:

1. I have reviewed this Form 10-Q 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. Along with the Principal Accounting Officer, 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.

Dated: August 8, 2019

By: */s/ Mark Meller*
Mark Meller
Principal Executive Officer
SilverSun Technologies, Inc.

EXHIBIT 31.2

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, Christine Dye, certify that:

1. I have reviewed this Form 10-Q 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. Along with the Principal Executive Officer, 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.

Dated: August 8, 2019

By: */s/ Christine Dye*
Christine Dye
Principal Financial Officer and Principal Accounting Officer
SilverSun Technologies, Inc.

EXHIBIT 32.1

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 Quarterly Report of SilverSun Technologies, Inc. (the "Company"), on Form 10-Q for the quarter ended June 30, 2019, 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2019

By: */s/ Mark Meller*
Mark Meller
Principal Executive Officer
SilverSun Technologies, Inc.

EXHIBIT 32.2

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 Quarterly Report of SilverSun Technologies, Inc. (the "Company"), on Form 10-Q for the quarter ended June 30, 2019, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Christine Dye, Principal Accounting 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2019

By: */s/ Christine Dye*
Christine Dye
Principal Financial Officer and Principal Accounting Officer
SilverSun Technologies, Inc.