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: **September 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 November 11, 2019, there were 4,500,755 shares outstanding of the registrant's common stock.

SILVERSUN TECHNOLOGIES, INC.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash	$ 10,721,629	$ 1,900,857
Cash - escrow account	1,150,000	-
Accounts receivable, net of allowance of $375,000	2,692,052	1,900,336
Unbilled services	403,593	166,593
Prepaid expenses and other current assets	383,984	433,727
Current assets held for sale	-	484,242
Total current assets	15,351,258	4,885,755
Property and equipment, net	752,545	688,122
Operating lease right-of-use assets	770,894	-
Intangible assets, net	2,703,060	2,916,367
Goodwill	891,000	885,000
Deferred tax assets	1,218,055	1,292,055
Deposits and other assets	41,732	39,791
Other assets held for sale	-	1,037,295
Total assets	$ 21,728,544	$ 11,744,385
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,179,904	$ 2,028,218
Accrued expenses	1,218,720	1,647,593
Accrued interest	15,188	14,628
Income taxes payable	1,768,192	20,000
Contingent consideration – current portion	-	22,548
Long term debt - current portion	438,574	426,350
Finance lease obligations – current portion	167,277	87,355
Operating lease liabilities – current portion	268,569	-
Deferred revenue	1,977,439	1,386,618
Current liabilities held for sale	-	599,916
Total current liabilities	8,033,863	6,233,226
Long term debt net of current portion	865,901	1,068,487
Finance lease obligations net of current portion	216,798	108,512
Operating lease liabilities net of current portion	502,325	-
Total liabilities	9,618,887	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; Zero and 1 share issued and outstanding as of September 30, 2019 and December 31, 2018, respectively.	-	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	11,777,434	11,763,923
Accumulated earnings (deficit)	332,177	(7,429,810)
Total stockholders' equity	12,109,657	4,334,160
Total liabilities and stockholders' equity	$ 21,728,544	$ 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		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenues:				
Software product, net	$ 1,867,971	$ 1,456,658	$ 4,898,886	$ 3,989,130
Service, net	8,239,894	8,606,576	23,635,710	22,633,032
Total revenues, net	10,107,865	10,063,234	28,534,596	26,622,162
Cost of revenues:				
Product	1,232,446	892,208	3,039,836	2,487,145
Service	5,174,643	5,390,108	14,539,415	13,963,270
Total cost of revenues	6,407,089	6,282,316	17,579,251	16,450,415
Gross profit	3,700,776	3,780,918	10,955,345	10,171,747
Selling, general and administrative expenses:				
Selling and marketing expenses	1,765,271	1,606,792	5,073,687	4,662,057
General and administrative expenses	2,467,515	2,079,730	6,599,885	5,747,944
Share-based compensation expenses	3,400	6,713	13,510	66,592
Impairment of intangible assets	236,860	-	236,860	-
Depreciation and amortization expenses	178,109	239,782	538,907	551,378
Total selling, general and administrative expenses	4,651,155	3,933,017	12,462,849	11,027,971
Loss from continuing operations	(950,379)	(152,099)	(1,507,504)	(856,224)
Other income (expense):				
Other income	18,677	-	18,677	-
Interest expense, net	(18,171)	(15,089)	(58,782)	(29,887)
Total other income (expense)	506	(15,089)	(40,105)	(29,887)
Loss from continuing operations before taxes	(949,873)	(167,188)	(1,547,609)	(886,111)
Provision for income taxes	-	-	-	-
Loss from continuing operations	(949,873)	(167,188)	(1,547,609)	(886,111)
Discontinued operations				
Income from discontinued operations	269,554	407,170	988,525	1,231,944
Gain on sale of discontinued operations	10,144,287	-	10,144,287	-
Provision for income taxes	(1,795,127)	(69,050)	(1,823,216)	(99,296)
Income from discontinued operations	8,618,714	338,120	9,309,596	1,132,648
Net income	$ 7,668,841	$ 170,932	$ 7,761,987	$ 246,537
Basic earnings (loss) per share applicable to common shareholders:				
Continuing operations	$ (0.21)	$ (0.04)	$ (0.34)	$ (0.20)
Discontinued operations	1.91	0.08	2.07	0.25
Net (loss) income	$ 1.70	$ 0.04	$ 1.73	$ 0.05
Diluted earnings (loss) per share applicable to common shareholders:				
Continuing operations	$ (0.21)	$ (0.04)	$ (0.34)	$ (0.20)
Discontinued operations	1.91	0.08	2.07	0.25
Net (loss) income	$ 1.70	$ 0.04	$ 1.73	$ 0.05
Weighted average shares outstanding:				
Basic	4,500,755	4,501,755	4,500,755	4,499,072
Diluted	4,500,755	4,501,755	4,500,755	4,499,072

See accompanying notes to the unaudited condensed consolidated financial statements.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Accumulated Earnings (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
Cancellation of Series B stock	-	-	(1)	(1)	-	-	1	-	-
Share-based compensation	-	-	-	-	-	-	13,510	-	13,510
Net income	-	-	-	-	-	-	-	7,761,987	7,761,987
Balance at September 30, 2019	-	$ -	-	$ -	4,500,755	$ 46	$ 11,777,434	$ 332,177	$ 12,109,657

FOR THE NINE MONTHS ENDED SEPTEMBER 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	-	-	-	-	-	-	21,285	-	21,285
Net income	-	-	-	-	-	-	-	246,537	246,537
Balance at September 30, 2018	-	$ -	1	$ 1	4,501,755	$ 46	$ 11,985,907	$ (7,445,705)	$ 4,540,249

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 SEPTEMBER 30, 2019

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Accumulated Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at July 1, 2019	-	$ -	1	$ 1	4,500,755	$ 46	$ 11,774,034	$ (7,336,664)	$ 4,437,417
Cancellation of the Series B stock	-	-	(1)	(1)	-	-	1	-	-
Share-based compensation	-	-	-	-	-	-	3,399	-	3,399
Net income	-	-	-	-	-	-	-	7,668,841	7,668,841
Balance at September 30, 2019	-	$ -	-	$ -	4,500,755	$ 46	$ 11,777,434	$ 332,177	$ 12,109,657

FOR THE THREE MONTHS ENDED SEPTEMBER 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 July 1, 2018	-	$ -	1	$ 1	4,501,755	$ 46	$ 11,979,194	$ (7,616,637)	$ 4,362,604
Share-based compensation	-	-	-	-	-	-	6,713	-	6,713
Net income	-	-	-	-	-	-	-	170,932	170,932
Balance at September 30, 2018	-	$ -	1	$ 1	4,501,755	$ 46	$ 11,985,907	$ (7,445,705)	$ 4,540,249

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities:		
Net income	$ 7,761,987	$ 246,537
Net income from discontinued operations	9,309,596	1,132,648
Net loss from continuing operations	(1,547,609)	(886,111)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:		
Deferred income taxes	74,000	77,000
Depreciation and amortization	252,734	239,004
Amortization of intangibles	286,173	311,358
Amortization of right of use assets	140,106	-
Bad debt expense	103,815	15,974
Share-based compensation	13,510	21,285
Impairment of intangible asset	236,860	-
Common stock for services	-	45,307
Changes in assets and liabilities:		
Accounts receivable	(895,533)	239,256
Unbilled services	(236,997)	(218,575)
Prepaid expenses and other current assets	49,744	54,069
Deposits and other assets	(1,942)	2,613
Accounts payable	151,685	(218,233)
Accrued expenses	(203,832)	87,942
Income tax payable	(75,024)	(32,754)
Accrued interest	560	685
Deferred revenues	590,821	(82,669)
Operating lease obligations	(140,106)	-
Net cash used in operating activities of continuing operations	(1,201,035)	(343,849)
Cash flows from investing activities:		
Purchase of property and equipment	(25,221)	(100,244)
Acquisition of business	(60,000)	(300,000)
Proceeds from sale of EDI practice, net of fees	10,132,574	-
Software development costs	(81,730)	(163,006)
Net cash provided by (used in) investing activities of continuing operations	9,965,623	(563,250)
Cash flows from financing activities:		
Payment of cash dividend	(225,038)	-
Payment of contingent consideration	(22,548)	(67,911)
Payment of long term debt	(364,362)	(231,175)
Payment of finance lease obligations	(103,727)	(97,340)
Net cash used in financing activities of continuing operations	(715,675)	(396,426)
Cash flows from discontinued operations:		
Operating activities of discontinued operations	899,537	1,164,310
Investing activities of discontinued operations	(127,678)	(288,044)
Net cash provided by discontinued operations	771,859	876,266
Net increase (decrease) in cash	8,820,772	(427,259)
Cash, beginning of period	1,900,857	2,235,348
Cash, end of period	$ 10,721,629	$ 1,808,089
Cash paid during period for:		
Interest	$ 58,782	$ 31,608
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 NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

For the nine months ended September 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. Accordingly, 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 the purchase of equipment.

On September 6, 2019, the Company filed a Certificate of Elimination of Certificate of Designations (the "Certificate of Elimination") with the Secretary of State of the State of Delaware. The Certificate of Withdrawal eliminated the Company's Series B Preferred Stock, par value $.001 per share (the "Series B Preferred"), from the Company's Certificate of Incorporation. Prior to filing the Certificate of Elimination, Mark Meller, the Company's Chief Executive Officer and Chairman and owner of the only share of Series B Preferred, cancelled the only share of Series B Preferred issued and outstanding.

On August 26, 2019 the Company sold the EDI practice and $1,150,000 of the proceeds were put in an escrow receivable account (see Note 14).

For the nine months ended September 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 the purchase 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 SWK, SCS and 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 " (On August 26, 2019 the Company sold its EDI practice and it has been determined that it be reported as discontinued operations. See Notes 14 and 15). 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 September 30, 2019, the results of operations for the three and nine months ended September 30, 2019 and 2018 and cash flows for the nine months ended September 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.

All financial results of the EDI practice are classified as discontinued operations for the purpose of this quarterly report.

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 nine months ended September 30, 2019 and 2018.

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

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. Impairment losses of $ 236,860 and $0, were identified and recorded for the three and nine months ended September 30, 2019 and 2018 respectively.

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 September 30,		**For the Nine Months Ending September 30,**	
	2019	**2018**	**2019**	**2018**
Professional Consulting	$ 2,957,174	$ 3,074,464	$ 8,974,457	$ 9,437,828
Maintenance Revenue	$ 2,360,335	$ 2,678,585	$ 5,794,705	$ 5,865,071
Ancillary Service Revenue	$ 2,922,385	$ 2,853,527	$ 8,866,548	$ 7,330,133

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 September 30, 2019, there was $147,066 in deferred maintenance, $195,252 in deferred support services, and $1,635,121 in deposits for future consulting services. As of December 31, 2018, there was $198,727 in deferred maintenance, $95,550 in deferred support services, and $1,092,341 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 unaudited 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 September 30, 2019 and December 31, 2018, the Company had cash on deposit of $10,191,633 and $1,473,286, respectively, in excess of the federally insured limits of $250,000.

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

For the nine months ended September 30, 2019 and 2018, the Company's top ten customers accounted for 11% ($3,094,620) and 15% ($4,113,611), respectively, of our total revenues. The Company does not rely on any one specific customer for any significant portion of its revenue.

For the nine months ended September 30, 2019 and 2018, purchases from one supplier through a "channel partner" agreement were approximately 20% and 24% 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 September 30, 2019 and December 31, 2018, one supplier represented approximately 41% and 40% of total accounts payable respectively.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable, cash and cash-escrow. As of September 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 2016 to 2018 remain open to examination for both the U.S. federal and state jurisdictions.

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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
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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
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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 three and nine months ended September 30, 2019 and 2018 and 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 and nine months ended September 30, 2019 and 2018 all warrants, options and convertible debt are excluded as the Company is in a net loss from continuing operations position.

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018
Basic net income (loss) from continuing operations per share computation:		
Net income (loss) from continuing operations	$ (949,873)	$ (167,188)
Weighted-average common shares outstanding	4,500,755	4,501,755
Basic net loss per share	$ (0.21)	$ (0.04)
Diluted net income (loss) from continuing operations per share computation:		
Net loss per above	$ (949,873)	$ (167,188)
Net loss	(949,873)	(167,188)
Weighted-average common shares outstanding	4,500,755	4,501,755
Total adjusted weighted-average shares	4,500,755	4,501,755
Diluted net loss per share	$ (0.21)	$ (0.04)

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 3 – NET (LOSS) INCOME PER COMMON SHARE (Continued)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Basic net income (loss) from continuing operations per share computation:		
Net loss from continuing operations	$ (1,547,609)	$ (886,111)
Weighted-average common shares outstanding	4,500,755	4,499,072
Basic net loss per share	$ (0.34)	$ (0.20)
Diluted net income (loss) from continuing operations per share computation:		
Net loss per above	$ (1,547,609)	$ (886,111)
Net loss	(1,547,609)	$ (886,111)
Weighted-average common shares outstanding	4,500,755	4,499,072
Total adjusted weighted-average shares	4,500,755	4,499,072
Diluted net loss per share	$ (0.34)	$ (0.20)

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

	Three Months September 30, 2019	Three Months September 30, 2018
Stock options	29,502	56,280
Warrants	208,241	208,241
Convertible promissory notes	264,035	347,740
Total potential dilutive securities not included in loss per share	501,778	612,261

	Nine Months September 30, 2019	Nine Months September 30, 2018
Stock options	44,046	56,280
Warrants	208,241	208,241
Convertible promissory notes	264,035	155,839
Total potential dilutive securities not included in loss per share	516,322	420,360

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	September 30, 2019	December 31, 2018
Leasehold improvements	$ 98,831	$ 98,831
Equipment, furniture and fixtures	2,796,889	2,479,732
	2,895,720	2,578,563
Less: Accumulated depreciation and amortization	(2,143,175)	(1,890,441)
Property and equipment, net	$ 752,545	$ 688,122

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 – PROPERTY AND EQUIPMENT (Continued)

Depreciation and amortization expense related to these assets was $91,622 and $252,734 respectively for the three and nine months ended September 30, 2019 as compared to $91,262 and $239,004 for the three and nine months ended September 30, 2018, respectively.

Property and equipment under finance leases are summarized as follows:

	September 30, 2019	December 31, 2018
Equipment, furniture and fixtures	708,272	436,084
Less: Accumulated amortization	(199,503)	(103,061)
Property and equipment, net	$ 508,769	$ 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:

	September 30, 2019	December 31, 2018	Estimated Useful Lives
Proprietary developed software	$ 390,082	$ 545,216	5 – 7
Intellectual property, customer list, and acquired contracts	4,430,014	4,202,014	5 – 15
Total intangible assets	$ 4,820,096	$ 4,747,230	
Less: accumulated amortization	(2,117,036)	(1,830,863)	
	$ 2,703,060	$ 2,916,367	

Amortization expense included in depreciation and amortization expense was $86,487 and $286,173 for the three and nine months ended September 30, 2019, respectively as compared to $148,520 and $311,358 for the three and nine months ended September 30, 2018, respectively. Impairment on intangible assets was $236,860 and $0 for the three and nine months ended September 30, 2019 and 2018, respectively.

The Company expects future amortization expense to be the following:

	Amortization
Balance of 2019	$ 95,760
2020	365,045
2021	328,495
2022	261,792
2023	198,680
Thereafter	1,453,288
Total	$ 2,703,060

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

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 agreed to loan SWK up to a principal amount of two million dollars. The interest rate on the JPM Revolving Demand Note was a variable rate, equal to the "Adjusted LIBOR Rate", plus two and one quarter percent (2.25%) per annum (4.45% at September 30, 2019). The JPM Revolving Demand Note was secured by all of SWK's assets pursuant to a Security Agreement. The line was also collateralized by substantially all of the assets of the Company. On August 26, 2019, all amounts owed to JPM Lender under the JPM Revolving Demand Note were paid and the JPM Revolving Demand Note terminated and is of no further force or effect.

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 September 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 September 30, 2019 and December 31, 2018, the outstanding balance was $105,242 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%) per annum. 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 outstanding principal amount of the ISM Note, plus accrued interest, into shares (the "Conversion Shares") of the Company's Common Stock, ("Common Stock") at per share price equal to $4.03, 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"). At September 30, 2019 and December 31, 2018 the outstanding balance on the ISM Note was $759,288 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%) per annum. 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 outstanding principal amount of the Nellnube Note, plus accrued interest, into shares (the "Conversion Shares") of the Company's Common Stock, ("Common Stock") at per share price equal to $4.03, 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"). At September 30, 2019 and December 31, 2018 the outstanding balance on the Nellnube Note was $303,715 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%) per annum. Monthly payments including interest are $4,984. At September 30, 2019 the outstanding balance was $136,230.

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

Remainder of 2019	$	114,053
2020		408,901
2021		341,763
2022		293,380
2023		146,378
Total	$	1,304,475

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 unaudited condensed consolidated balance sheets. The related obligations are based upon the present value of the future minimum lease payments with the following:

	September 30, 2019
Weighted average remaining lease term	2.53
Weighted average interest rate	5.53%

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

Remainder of 2019	$	47,245
2020		174,006
2021		125,589
2022		57,585
2023		6,640
Total minimum lease payments		411,065
Less amounts representing interest		(26,990)
Present value of net minimum lease payments		384,075
Less current portion		(167,277)
Long-term finance lease obligation	$	216,798

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 $9,403 which expire at various dates through April 2024.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 – OPERATING LEASE LIABILITY (Continued)

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.

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

	September 30, 2019
Weighted average remaining lease term	3.58
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 September 30, 2019:

Remainder 2019	$	78,440
2020		285,289
2021		221,018
2022		133,568
2023		119,677
Thereafter		40,177
Total undiscounted future minimum lease payments		878,169
Less: Difference between undiscounted lease payments and discounted lease liabilities		(107,275)
Total operating lease liabilities	$	770,894
Less current portion		(268,569)
Long-term operating lease liabilities	$	502,325

Total rent expense under operating leases for the three and nine months ended September 30, 2019 was $100,764 and $315,235 as compared to $104,822 and $315,202 for the three and nine months ended September 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

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

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 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.

On September 6, 2019, the Company filed a Certificate of Elimination of Certificate of Designations (the "Certificate of Elimination") with the Secretary of State of the State of Delaware. The Certificate of Withdrawal eliminated the Company's Series B Preferred Stock, par value $.001 per share (the "Series B Preferred"), from the Company's Certificate of Incorporation. Prior to filing the Certificate of Elimination, Mark Meller, the Company's Chief Executive Officer and Chairman and owner of the only share of Series B Preferred, cancelled the only share of Series B Preferred issued and outstanding.

Options

A summary of the status of the Company's stock option plans for the fiscal years ended December 31, 2018 and the nine months ending September 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	(30,000)	$ 3.78		
Outstanding options at September 30, 2019	26,280	$ 3.71	0.9 years	$ -0-
Vested Options:				
September 30, 2019:	17,640	$ 3.74	0.9 years	$ -0-
December 31, 2018:	43,640	$ 3.70	0.9 years	$ -0-

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
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NOTE 9 – EQUITY (Continued)

As of September 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 1.0 year.

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 September 30, 2019	208,241	$ 5.26	0.5 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. The allocation of the purchase price to customer list with an estimated life of fifteen years and goodwill, which is deductible for tax purposes, has been based on an independent valuation.

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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
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NOTE 10 – BUSINESS COMBINATION (Continued)

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

	ISM	Nellnube	PIT
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	228,000
Goodwill	398,000	86,000	6,000
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 nine months ended September 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 September 30, 2018 of expected definite lived intangible assets and interest on the notes payable.

Pro Forma	Three Months Ended September 30, 2018
Net revenues	$ 10,313,923
Cost of revenues	6,481,552
Operating expenses	3,990,625
Loss before taxes	(149,136)
Net loss from continuing operations	$ (149,136)
Basic and diluted loss per common share	$ (0.05)

Pro Forma	Nine Months Ended September 30, 2018
Net revenues	$ 29,256,186
Cost of revenues	17,763,686
Operating expenses	12,161,406
Loss before taxes	(710,097)
Net loss from continuing operations	$ (710,097)
Basic and diluted loss per common share	$ (0.19)

The Company's condensed consolidated financial statements for the three and nine months ending September 30, 2019 include the actual results of PIT since the date of acquisition, January 1, 2019.

NOTE 10 – BUSINESS COMBINATION (Continued)

The three months ended September 30, 2018 pro-forma results above do not include any months of results of ISM and Nellnube and include three months of PIT. The nine months ended September 30, 2018 pro-forma results above include five months of results of ISM and Nellnube and nine months of PIT. For the three months ending September 30, 2018, there is $3,800 of estimated amortization expense included in the ISM/Nellnube/PIT pro-forma results. For the nine months ending September 30, 2018, there is $41,191 of estimated amortization expense included in the ISM/Nellnube/PIT pro-forma results.

For the nine months ended September 30, 2019, the ISM/Nellnube/PIT operations had a net income before taxes of $250,562 which represented nine months operations that was included in the Company's Condensed Unaudited Consolidated Statement of Income. This consisted of approximately $2,900,946 in revenues, $1,371,473 in cost of revenues, and $1,278,911 in operating expenses.

For the three months ended September 30, 2019, the ISM/Nellnube/PIT operations had a net income before taxes of $88,694 which represented three months operations that was included in the Company's Condensed Unaudited Consolidated Statement of Income. This consisted of approximately $1,064,433 in revenues, $502,753 in cost of revenues, and $472,986 in operating expenses.

For the three months ended September 30, 2018, the ISM/NNB operations had a net income before taxes of $78,172 which represented three months of operations that was included in the Company's Condensed Unaudited Consolidated Statement of Income. This consisted of approximately $810,456 in revenues, $307,284 in cost of revenues, and $425,000 in operating expenses.

For the nine months ended September 30, 2018, the ISM/NNB operations had a net income before taxes of $97,496 which represented four months of operations that was included in the Company's Condensed Unaudited Consolidated Statement of Income. This consisted of approximately $1,010,799 in revenues, $383,244 in cost of revenues, and 530,059 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 $6,177,000 as of September 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 from continuing operations:

	Nine Months Ended	
	September 30, 2019	**September 30, 2018**
Current:		
Federal	$ -	$ -
State and local	-	-
Total current tax provision	-	-
Deferred:		
Federal	-	-
State and local	-	-
Total deferred tax provision	-	-
Total provision	$ -	$ -

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

NOTE 11 – INCOME TAXES (Continued)

For the nine months ended September 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 from continuing operations for the nine months ended September 30, 2019 was $0 as there was a loss from continuing operations. 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 nine months ended September 30, 2019 was $6,900 and $20,700 as compared to $6,900 and $19,700 for the three and nine months ended September 30, 2018.

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 ended September 30, 2018 was $15,915.

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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. Payments totaling $55,695 were made in each of these contingent consideration components for the nine months ended September 30, 2019, resulting in a remaining balance of $0 as of September 30, 2019. The agreement expired on September 30, 2019 and no further payments are expected.

Contingencies

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 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.

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

NOTE 13 – COMMITMENTS (Continued)

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.

NOTE 14 – SALE OF EDI PRACTICE

On August 26, 2019 the Company entered into and closed that certain Asset Purchase Agreement (the "Asset Purchase Agreement") by and among the Company, SPS Commerce, Inc., as buyer ("Buyer" or "SPS"), and SWK, as seller (the "Seller"), pursuant to which the Buyer has agreed to acquire from the Seller certain assets (all intellectual property and accounts receivable) related to the MAPADOC business, which was the EDI practice. In consideration for the Acquired Assets (as defined in the Asset Purchase Agreement), at closing, SPS: (i) paid Seller $10,350,000 in cash (the "Initial Cash Payment"); and (ii) delivered $1,150,000 to an escrow account (the "Escrowed Property") pursuant to the terms and conditions of that certain Escrow Agreement dated August 26, 2019 (the "Escrow Agreement"), for an aggregate consideration of $11,500,000 (the "Purchase Price"). Pursuant to the terms and conditions of that certain Escrow Agreement entered into in connection with the Asset Purchase Agreement, portions of the Escrowed Property will be released at six months and at twelve months following the date of closing of the Asset Purchase Agreement, to the extent that no indemnity claims against the Escrowed Property have been filed by the Buyer.

NOTE 15 – DISCONTINUED OPERATIONS

The financial results of our EDI Practice ("Mapadoc") through September 30, 2019 are presented as discontinued operations. The following table presents the financial results of "Mapadoc."

Mapadoc Balance Sheet

	December 31, 2018
Current assets:	
Accounts receivable	$ 477,808
Unbilled services	5,854
Prepaid expenses and other current assets	580
Total current assets	484,242
Long term assets:	
Intangible assets, net	1,037,295
Total assets	1,521,537
Current liabilities:	
Accrued expenses	137,713
Deferred revenue	462,203
Total current liabilities	$ 599,916

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

NOTE 15 – DISCONTINUED OPERATIONS (Continued)

Mapadoc Income Statement

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenues:				
Software product, net	139,168	221,122	445,025	691,371
Service, net	751,203	1,002,702	2,936,898	2,966,823
Total revenues, net	890,371	1,223,824	3,381,923	3,658,194
Cost of revenues:				
Product	399	396	2,745	10,180
Service	382,777	488,830	1,387,926	1,337,610
Cost of revenues	383,176	489,226	1,390,671	1,347,790
Gross profit	507,195	734,598	1,991,252	2,310,404
Selling, general and administrative expenses:				
Selling and marketing expenses	130,929	93,248	371,061	353,840
General and administrative expenses	85,690	220,512	540,822	705,873
Depreciation and amortization expenses	21,022	13,668	90,844	18,747
Total selling, general and administrative expenses	237,641	327,428	1,002,727	1,078,460
Income from discontinued operations	269,554	407,170	988,525	1,231,944
Gain from sale of discontinued operations	10,144,287	-	10,144,287	-
Provision for income taxes	(1,795,127)	(69,050)	(1,823,216)	(99,296)
Income from discontinued operations	8,618,714	338,120	9,309,596	1,132,648

Calculation of gain on sale

Purchase Price	$	11,500,000
Net Assets at August 26, 2019		(1,575,547)
Net Liabilities at August 26, 2019		437,260
Expenses associated with the sale		(217,426)
Gain on sale		10,144,287

NOTE 16 – SUBSEQUENT EVENTS

On October 10, 2019, the Company's Board of Directors authorized a new stock repurchase program, under which the Company may repurchase up to $2 million of its outstanding common stock. Under this new stock repurchase program, the Company may repurchase shares in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The extent to which the Company repurchases its shares, and the timing of such repurchases, will depend upon a variety of factors, including market conditions, regulatory requirements and other corporate considerations, as determined by the Company's management. The repurchase program may be extended, suspended or discontinued at any time. The Company expects to finance the program from existing cash resources. As of November 12, 2019, no repurchases have been made.

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 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.

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 Nine Months Ended September 30, 2019 and 2018.

During the nine months ended September 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 7.18% from the same nine month period in the prior year.

In addition, the Company successfully completed the sale of its Mapadoc EDI division in the third quarter, selling all Intellectual Property and consulting practices related to the product to a strategic acquiror for $11.5 million cash on August 26, 2019. The Company, which had not previously been seeking to sell the division, decided to move forward with the transaction after evaluating the following variables:

- The rate of growth of the ERP products with which Mapadoc integrates;
- The rate of growth, year over year, of Mapadoc itself;
- Technological threats;
- The cost of developing new integrations, and funding new go-to-market strategies for these integrations once developed;
- The valuation offered for the sale, and how that valuation compared to other consummated transactions for similarly situated business applications.

After evaluating these and other variables and engaging an investment bank to provide guidance on the valuation, the Company subsequently closed on the transaction. The Company now intends to use the proceeds of the transaction to further enhance its business and to maximize shareholder value. The actions under consideration, which are illustrative and not exhaustive, include:

- A special dividend
- A stock buyback
- Acquisitions – The Company has engaged an investment bank to identify potential acquisitions for the Company which will enhance and accelerate its growth profile.
- Mergers – The Company will evaluate potential mergers with larger companies that seek to become part of a publicly-traded entity and which could enhance the rate of growth and profitability of the Company.

Such other actions as the Board of Directors deems appropriate which leads to maximizing shareholder value.

Revenues

Revenues for the three months ended September 30, 2019 increased $44,631 (.44%) to $10,107,865 as compared to $10,063,234 for the three months ended September 30, 2018. Revenues for the nine months ended September 30, 2019 increased $1,912,434 (7.18%) to $28,534,596 as compared to $26,622,162 for the nine months ended September 30, 2018. The increase can be attributed to both the increase in software sales as well as an increase in subscription income.

Software sales increased $411,313 (28.24%) to $1,867,971 for the three months ended September 30, 2019 as compared to $1,456,658 for the three months ended September 30, 2018. For the nine months ended September 30, 2019 software sales increased $909,756 (22.81%) to $4,898,886 from $3,989,130 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 decreased by $366,682 to $8,239,894 for the three months ended September 30, 2019 from $8,606,576 for the same period in 2018 for an overall decrease of 4.26%. This is due to a delay in consulting projects. Service revenue increased by $1,002,678 to $23,635,710 for the nine months ended September 30, 2019 from $22,633,032 for the same period in 2018 for an overall increase of 4.43%. This increase is attributed to the increase in subscription revenue.

Gross Profit

Gross profit for the three months ended September 30, 2019 decreased $80,142 (2.12%) to $3,700,776 as compared to $3,780,918 for the three months ended September 30, 2018. For the three month period ended September 30, 2019, the overall gross profit percentage was 36.6% as compared to 37.6% for the period ended September 30, 2018.

Gross profit for the nine months ended September 30, 2019 increased $783,598 (7.7%) to $10,955,345 as compared to $10,171,747 for the nine months ended September 30, 2018. For the nine month period ended September 30, 2019, the overall gross profit percentage was 38.4% as compared to 38.2% for the period ended September 30, 2018.

The gross profit attributed to software sales increased $71,075 to $635,525 for the three months ending September 30, 2019 from $564,450 in the three months ending September 30, 2018 and gross profit attributed to software sales increased $357,065 to $1,859,050 for the nine months ending September 30, 2019 from $1,501,985 in the nine months ending September 30, 2018. This increase is attributed to the increase in software sales for the period.

The gross profit attributed to services decreased $151,217 to $3,065,251 for the three months ending September 30, 2019 from $3,216,468 for the three months ending September 30, 2018 due to delays in consulting projects. Gross profit attributed to services increased $426,533 to $9,096,295 for the nine months ending September 30, 2019 from $8,669,762 for the nine months ending September 30, 2018. This increase is primarily attributed to the increase in sales of Acumatica software.

Operating Expenses

Selling and marketing expenses increased $158,479 (9.86%) to $1,765,271 for the three months ending September 30, 2019 from $1,606,792 in the three months ending September 30, 2018. Selling and marketing expenses increased $411,630 (8.83%) to $5,073,687 for the nine months ended September 30, 2019 compared to $4,662,057 for the nine months ended September 30, 2018. This is due to increased sales personnel expense as well as an increase in both outside sales expense and professional development.

General and administrative expenses increased $387,785 (18.65%) to $2,467,515 for the three months ending September 30, 2019 from $2,079,730 in the three months ending September 30, 2018. General and administrative expenses increased $851,941 (14.82%) to $6,599,885 for the nine months ended September 30, 2019 as compared to $5,747,944 for the nine months ended September 30, 2018. This is primarily as a result of increases in payroll and related expenses associated with the addition of management personnel, reclassification of employees to G&A from other departments, as well as an increase in bad debt expense. In addition, the Company incurred extraordinary one-time legal expenses of approximately $115,000 associated with the cost of defense of the previously announced and settled shareholder derivative suit.

Depreciation and amortization expense decreased $61,673 for the three months ended September 30, 2019 to $178,109 as compared to $239,782 for the three months ended September 30, 2018. Depreciation and amortization expense decreased $12,471 for the nine months ended September 30, 2019 to $538,907 as compared to $551,378 for the nine months ended September 30, 2018. This decrease is due to an adjustment made for the amortization of Partners In Technology after the final valuation was completed. Amortization for the customer list is estimated at the time of acquisition. Also the ISM amortization was higher per month in 2018 until December 2018 when the adjustment was made after the valuation was complete.

Loss from Continuing operations

For the three and nine months ended September 30, 2019, the Company had a loss from continuing operations of $949,873 and $1,547,609 respectively as compared to loss from continuing operations of $167,188 and $886,111, respectively for the three and nine months ended September 30, 2018. The decreases for the three months ended September 30, 2019 is due to increases in payroll and related expenses associated with the addition of management and sales personnel as well as the impairment of intangible assets and the sale of the EDI practice, in which the financial results are shown in discontinued operations. The Company is implementing cost-cutting measures to increase the operating margins of the organization.

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, had 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 was 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 was secured by all of SWK's assets pursuant to a Security Agreement. The JPM Revolving Demand Note was collateralized by substantially all of the assets of the Company. On August 26, 2019, all amounts owed to JPM Lender under the JPM Revolving Demand Note were paid and the JPM Revolving Demand Note terminated and is of no further force or effect.

As of September 30, 2019, the Company has $1,304,475 notes outstanding from acquisitions occurring between 2014 and through 2019. Future payments on these notes are as follows:

Remainder of 2019	$	114,053
2020		408,901
2021		341,763
2022		293,380
2023		146,378
Total	$	1,304,475

During the nine months ended September 30, 2019, the Company had a net increase in cash of $8,820,772. The Company's principal sources and uses of funds were as follows:

Cash used in operating activities of continuing operations

The Company used $1,201,035 in cash from continuing operating activities for the nine months ended September 30, 2019 as compared to using cash of $343,849 for the same period in 2018. This increase is primarily due to the increase in accounts receivable and a decrease in accrued expenses.

Cash provided by investing activities of continuing operations

Investing activities for the nine months ended September 30, 2019 provided cash of $9,965,623 as compared to using cash of $563,250 for the same period in 2018. This increase is due to the sale of the EDI practice.

Cash used in financing activities of continuing operations

Financing activities for the nine months ended September 30, 2019 used cash of $715,675 as compared to using cash of $396,426 for the same period in 2018. The use was due primarily to the payment of the cash dividend in January 2019 as well as the repayment of long term debt and finance lease obligations.

Cash flows from discontinued operations

Operating activities for discontinued operations for the nine months ended September 30, 2019 provided cash of $899,537 as compared to $1,164,310 for the same period in 2018. This is due to the fact that the EDI practice was sold in August 2019, providing eight months of operating activities in 2019 as compared to the nine months in 2018.

Investing activities of discontinued operations for the nine months ended September 30, 2019 used cash of $127,678 as compared to $288,044 for the same period in 2018. This was due to less software being put into production in 2019.

The Company believes that as a result of the growth in business, and the funds available from the sale of its Mapadoc division, 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 nine months ended September 30, 2019.

Off Balance Sheet Arrangements

During the nine months ended September 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.

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: November 12, 2019	By:	*/s/ Mark Meller* Mark Meller Principal Executive Officer
Dated: November 12, 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: November 12, 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: November 12, 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 September 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 September 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 September 30, 2019 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 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 September 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 September 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 September 30, 2019 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2019	By: */s/ Christine Dye*
	Christine Dye
	Principal Financial Officer and Principal Accounting Officer
	SilverSun Technologies, Inc.