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

FORM 10-K

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

For the fiscal year ended: **December 31, 2018**

or

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

Commission file number: **001-38063**

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

Delaware (State or other jurisdiction of incorporation or organization)	**16-1633636** (I.R.S. Employer Identification No.)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.00001 per share	**The NASDAQ Capital Market**

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

Title of each class
None

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is 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 ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2018 based on a closing price of $4.15 was $7,177,276. As of March 26, 2019, the registrant had 4,500,755 shares of its common stock, par value $0.00001 per share, outstanding.

Documents Incorporated by Reference: **None**.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

We operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all of those risks, nor can we assess the impact of all of those risks on our business or the extent to which any factor may cause actual results to differ materially from those contained in any forward-looking statement. The forward-looking statements in this Report are based on assumptions management believes are reasonable. However, due to the uncertainties associated with forward-looking statements, you should not place undue reliance on any forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and unless required by law, we expressly disclaim any obligation or undertaking to publicly update any of them in light of new information, future events, or otherwise.

From time to time, forward-looking statements also are included in our other periodic reports on Forms 10-Q and 8-K, in our press releases, in our presentations, on our website and in other materials released to the public. Any or all of the forward-looking statements included in this Report and in any other reports or public statements made by us are not guarantees of future performance and may turn out to be inaccurate. These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

For discussion of factors that we believe could cause our actual results to differ materially from expected and historical results see "Item 1A — Risk Factors" below.

In this Report, unless otherwise indicated or the context otherwise requires, "SilverSun", the "Company", "we", "us" or "our" refer to SilverSun Technologies, Inc., a Delaware corporation, and its subsidiaries.

PART I

Item 1. Business Overview

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

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 have two (2) industry leading applications in our ERP portfolio: (1) NetSuite, among the world's leading cloud ERP solutions; and (2) Acumatica, a browser-based ERP solution that can be offered on premise, in the public cloud, or in a private cloud. We develop and resell a variety of add-on solutions to all our ERP and accounting packages that help customize the installation to our customers' needs and streamline their operations.

Value-Added Services for ERP

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

EDI (Electronic Data Interchange) Software and Services

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

Network and Managed Services

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

Industry Overview

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

Potential Competitive Strengths

- Independent Software Vendor. As an independent software vendor we have published integrations between ERPs and third-party products which differentiates us from other business application providers because, as a value-added reseller of the ERPs that our proprietary products integrate with, we have specific software solution expertise in the ERPs we resell, which affords us the opportunity to ensure that our proprietary products tightly integrate with the ERPs. We own the intellectual property related to these integrations, and sell the solutions both directly and through other software resellers within the Sage network.

- Sage Certified Gold Development Partner. As a Sage Certified Gold Development Partner, we are licensed to customize the source code of the Sage ERPs. Very few resellers are master developers, and in fact, we provide custom programming services for many other resellers. We have full-time programmers on staff, which provides us with a depth and breadth of expertise that we believe very few competitors can match.

- Ability to Recruit, Manage and Retain Quality Personnel. We have a track record of recruiting, managing and retaining skilled labor and our ability to do so represents an important advantage in an industry in which a shortage of skilled labor is often a key limitation for both clients and competitors alike. We recruit skilled labor from competitors and from amongst end users with experience using the various products we sell, whom we then train as consultants. We believe our ability to hire, manage and maintain skilled labor gives an edge over our competitors as we continue to grow.

- Combination of Hardware/Software Expertise. Many competitors have software solution expertise. Others have network/hardware expertise. We believe we are among the very few organizations with an expertise in both software and hardware, affording us the opportunity to provide turnkey solutions for our customers without the need to bring in additional vendors on a project.

- Technical Expertise. Our geographical reach and substantial technical capabilities afford our clients the ability to customize and tailor solutions to satisfy all of their business needs.

Our Growth Strategy

General

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

Intra-Company Growth

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

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

Acquisitions

The markets in which we provide our services are occupied by a large number of competitors, many substantially larger than us, and with significantly greater resources and geographic reach. We believe that to remain competitive, we need to take advantage of acquisition opportunities that arise which may help us achieve greater geographic presence and economies both within our existing footprint and expanded territories. As such, we have completed twenty four (24) acquisitions and/or collaborative agreements in the past sixty (60) months. We may also utilize acquisitions, whenever appropriate, to expand our technological capabilities and product offerings. We focus on acquisitions that are profitable and fit seamlessly with our existing operations.

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

Managed Service Providers ("MSPs"). MSPs provide their small and medium-sized business clients with a suite of services, which may include 24/7/365 remote monitoring of networks, disaster recovery, business continuity, data back-up, cyber-security and the like. There are hundreds of providers of such services in the U.S., most with annual recurring revenue of less than $10 million. We believe that we may be able to consolidate a number of these MSPs with our existing operation in an effort to become one of the more significant providers of these services in the U.S.

Independent Software Vendors ("ISVs"). ISVs are publishers of both stand-alone software solutions and integrations that integrate with other third party products. Our interest lies with ISVs selling into the small and medium-sized business marketplace, providing applications addressing e-commerce, mobility, security, and other functionalities. Since we have expertise in both selling directly to end-users and selling through a sales channel, we believe we can significantly enhance the sales volume of any potential acquisition via our existing infrastructure, our sales channel, and our internal marketing programs. There are many ISVs in North America, constituting a large and significant target base for our acquisition efforts.

Value-Added Resellers ("VARs") of ERP, Warehouse Management Systems ("WMS"), CRM and BI Software. Of the hundreds of VARs in the Sage Software sales channel, we believe we are one of the top based on our 2018 revenue. VARs gross margins are a function of the sales volume they provide a publisher in a twelve (12) month period, and we are currently operating at the highest margins. Smaller resellers, who sell less and operate at significantly lower margins, are at a competitive disadvantage to companies such as ours, and are often amenable to creating a liquidity event for themselves by selling to larger organizations. We have benefitted from completing such acquisitions in a number of ways, including but not limited to: (i) garnering new customers to whom we can upsell and cross-sell our broad range of products and services; (ii) gaining technical resources that enhance our capabilities; and (iii) extending our geographic reach.

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

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

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

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

Electronic Data Interchange Software Strategy

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

Enterprise Resource Planning Software Strategy

Our ERP software strategy is focused on serving the needs of our expansive installed base of customers for our Sage 100 ERP, Sage 500 ERP, and Sage BusinessWorks practices, while rapidly growing the number of customers using Sage EM (formerly Sage ERP X3), NetSuite, and Acumatica. We currently have approximately 6,000 active ERP customers using one of these six solutions, including customers using certain add-on support products to these solutions. In the past we, have focused primarily on on-premise mid-market Sage Software solutions but in the past three years have shifted our focus to the more enterprise-level Sage EM (formerly Sage ERP X3) offering, as well as diversifying into cloud ERP solutions. This has allowed us to increase our average deal size significantly and also to keep pace with the changing trends that we see in the industry.

Managed Services Strategy

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

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

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

Geographic Expansion

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

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

Our Products and Services

Enterprise Resource Planning Software

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

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

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

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

Electronic Data Interchange Software

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

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

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

Warehouse Management Systems

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

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

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

Managed Network Services and Business Consulting

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

Through our wholly owned subsidiary, Critical Cyber Defense Corp., we offer cybersecurity services for businesses requiring that extra level of protection.

Application Hosting

Through our wholly owned subsidiary, Secure Cloud Services, Inc., we acquired the assets of Nellnube, Inc. to further market application hosting services throughout the country.

Product Development

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

- Time and Billing Professional
- SPS RSX Connector
- MAPADOC Express and MAPADOC for Cloud Applications
- Accellos X3 Integration

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

Arrangements with Principal Suppliers

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

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

For the years ended December 31, 2018 and 2017, purchases from Sage Software were approximately 22% and 23%, respectively, of the Company's total cost of revenue. Generally, the Company does not rely on any one specific supplier for all its purchases and maintains relationships with other suppliers that could replace its existing supplier should the need arise.

Customers

We market our products primarily throughout North America. For the years ended December 31, 2018 and 2017, our top ten (10) customers accounted for 17% ($7,173,499) and 21% ($7,461,570), respectively, of our total revenues. Generally, we do not rely on any one specific customer for any significant portion of our revenue base. No single customer accounted for ten percent or more of our consolidated revenues base.

Intellectual Property

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

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

Competition

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

Employees

As of March 27, 2019, we had approximately 178 full time employees with 48 of our employees engaged in sales and marketing activities, 89 employees are engaged in service fulfillment, and 41 employees performing administrative functions.

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

Our Corporate History

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

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

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

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

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

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

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

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

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

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

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

On May 31, 2018, SWK entered into an Asset Purchase Agreement with Info Sys Management, Inc., ("ISM") an Oregon based reseller of Sage Software and Acumatica applications. In addition to the strategic geographic benefits of this acquisition, it has provided additional revenues from the approximately 700 additional customers.

In May 2018, the Company formed a wholly owned subsidiary, Secure Cloud Services, Inc. ("SCS"), a Nevada corporation, for the purpose of providing application hosting services. On May 31, 2018, Secure Cloud Services entered into an Asset Purchase Agreement with Nellnube, Inc. ("Nellnube") an Oregon based application hosting provider.

In May 2018, the Company formed a wholly owned subsidiary, Critical Cyber Defense Corp. ("CCD"), a Nevada corporation, for the purpose of providing cyber defense products and services.

Where You Can Find More Information

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

Item 1A. Risk Factors.

Risks Relating to our Business

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

As of December 31, 2018, and December 31, 2017, we had an accumulated deficit of $7,429,810 and $7,692,242, respectively. As of December 31, 2018, and December 31, 2017 we had stockholders' equity of $4,334,160 and $4,227,121 respectively. We may incur net losses in the future. Our ability to achieve and sustain long-term profitability is largely dependent on our ability to successfully market and sell our products and services, control our costs, and effectively manage our growth. We cannot assure you that we will be able to maintain profitability. In the event we fail to maintain profitability, our stock price could decline.

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

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

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

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

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

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

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

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

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

Management has concluded that the Company did maintain effective internal control over financial reporting as of December 31, 2018, based on the criteria set forth in 2013 Internal Control—Integrated Framework issued by the COSO.

We may fail to recruit and retain qualified personnel.

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

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

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

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

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

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

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

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

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

We may unintentionally infringe on the proprietary rights of others.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Computer Malware, Viruses, Hacking, Phishing Attacks and Spamming Could Harm Our Business and Results of Operations.

Computer malware, viruses, physical or electronic break-ins and similar disruptions could lead to interruption and delays in our services and operations and loss, misuse or theft of data. Computer malware, viruses, computer hacking and phishing attacks against online networking platforms have become more prevalent and may occur on our systems in the future.

Any attempts by hackers to disrupt our website service or our internal systems, if successful, could harm our business, be expensive to remedy and damage our reputation or brand. Our network security business disruption insurance may not be sufficient to cover significant expenses and losses related to direct attacks on our website or internal systems. Efforts to prevent hackers from entering our computer systems are expensive to implement and may limit the functionality of our services. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of our products and services and technical infrastructure may harm our reputation, brand and our ability to attract customers. Any significant disruption to our website or internal computer systems could result in a loss of customers and could adversely affect our business and results of operations.

We have previously experienced, and may in the future experience, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, third-party service providers, human or software errors and capacity constraints. If our services are unavailable when customers attempt to access them or they do not load as quickly as they expect, customers may seek other services.

Some errors in our software code may only be discovered after the code has been deployed. Any errors, bugs, or vulnerabilities discovered in our code after deployment, inability to identify the cause or causes of performance problems within an acceptable period of time or difficultly maintaining and improving the performance of our platform, particularly during peak usage times, could result in damage to our reputation or brand, loss of revenues, or liability for damages, any of which could adversely affect our business and financial results.

We expect to continue to make significant investments to maintain and improve our software and to enable rapid releases of new features and products. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be harmed.

We have a disaster recovery program to transition our operating platform and data to a failover location in the event of a catastrophe and have tested this capability under controlled circumstances, however, there are several factors ranging from human error to data corruption that could materially lengthen the time our platform is partially or fully unavailable to our user base as a result of the transition. If our platform is unavailable for a significant period of time as a result of such a transition, especially during peak periods, we could suffer damage to our reputation or brand, or loss of revenues any of which could adversely affect our business and financial results.

We Need to Manage Growth in Operations to Realize Our Growth Potential and Achieve Our Expected Revenues, and Our Failure to Manage Growth Will Cause a Disruption of Our Operations Resulting in the Failure to Generate Revenue and an Impairment of Our Long-Lived Assets.

In order to take advantage of the growth that we anticipate in our current and potential markets, we believe that we must expand our sales and marketing operations. This expansion will place a significant strain on our management and our operational, accounting, and information systems. We expect that we will need to continue to improve our financial controls, operating procedures and management information systems. We will also need to effectively train, motivate and manage our employees. Our failure to manage our growth could disrupt our operations and ultimately prevent us from generating the revenues we expect.

In order to achieve the above-mentioned targets, the general strategies of our Company are to maintain and search for hard-working employees who have innovative initiatives, as well as to keep a close eye on expansion opportunities through merger and/or acquisition.

Our debt financing is secured by the grant of a security interest in all of our assets and upon a default the lender may foreclose on all of our assets.

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. The JPM Lender has agreed to loan SWK up to a principal amount of two million dollars. The interest rate on the JPM Revolving Demand Note shall be a variable rate, equal to the “Adjusted LIBOR Rate”, plus two and one quarter percent (2.25%) per annum. The JPM Revolving Demand Note is secured by all of SWK’s assets pursuant to a Security Agreement. The line is also collateralized by substantially all of the assets of the Company. The JPM Revolving Demand Note expires August 31, 2019. At December 31, 2018 there were no borrowings under the JPM Revolving Note.

If the Company is unable to repay or refinance its indebtedness to JPM Lender it may be forced to cease operations and the holders of the Company’s Common Stock may lose their entire investment.

We Face Risks Arising From Acquisitions.

We may pursue strategic acquisitions in the future. Risks in acquisition transactions include difficulties in the integration of acquired businesses into our operations and control environment, difficulties in assimilating and retaining employees and intermediaries, difficulties in retaining the existing clients of the acquired entities, assumed or unforeseen liabilities that arise in connection with the acquired businesses, the failure of counterparties to satisfy any obligations to indemnify us against liabilities arising from the acquired businesses, and unfavorable market conditions that could negatively impact our growth expectations for the acquired businesses. Fully integrating an acquired company or business into our operations may take a significant amount of time. We cannot assure you that we will be successful in overcoming these risks or any other problems encountered with acquisitions and other strategic transactions. These risks may prevent us from realizing the expected benefits from acquisitions and could result in the failure to realize the full economic value of a strategic transaction or the impairment of goodwill and/or intangible assets recognized at the time of an acquisition. These risks could be heightened if we complete a large acquisition or multiple acquisitions within a short period of time.

Risks Related To Our Securities

The market price of our common stock is likely to be volatile and could subject us to litigation.

The market price of our common stock has been and is likely to continue to be subject to wide fluctuations. Factors affecting the market price of our common stock include:

- variations in our operating results, earnings per share, cash flows from operating activities, deferred revenue, and other financial metrics and non-financial metrics, and how those results compare to analyst expectations;
- issuances of new stock which dilutes earnings per share;
- forward looking guidance to industry and financial analysts related to future revenue and earnings per share;
- the net increases in the number of customers and paying subscriptions, either independently or as compared with published expectations of industry, financial or other analysts that cover our company;
- changes in the estimates of our operating results or changes in recommendations by securities analysts that elect to follow our common stock;
- announcements of technological innovations, new services or service enhancements, strategic alliances or significant agreements by us or by our competitors;
- announcements by us or by our competitors of mergers or other strategic acquisitions, or rumors of such transactions involving us or our competitors;
- announcements of customer additions and customer cancellations or delays in customer purchases;
- recruitment or departure of key personnel;
- trading activity by a limited number of stockholders who together beneficially own a majority of our outstanding common stock.

In addition, if the stock market in general experiences uneven investor confidence, the market price of our common stock could decline for reasons unrelated to our business, operating results or financial condition. The market price of our common stock might also decline in reaction to events that affect other companies within, or outside, our industries even if these events do not directly affect us. Some companies that have experienced volatility in the trading price of their stock have been the subject of securities class action litigation. If we are to become the subject of such litigation, it could result in substantial costs and a diversion of management's attention and resources.

We currently have a limited trading volume, which results in higher price volatility for, and reduced liquidity of, our common stock.

There has been limited trading of our common stock since we began trading on the NASDAQ Capital Market in April 2017, meaning that the number of persons interested in purchasing our common stock at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a smaller reporting company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who generate or influence sales volume. Even in the event that we come to the attention of such persons, they would likely be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we become more seasoned and viable. As a consequence, our stock price may not reflect an actual or perceived value. Also, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as is currently the case, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. A broader or more active public trading market for our common shares may not develop or if developed, may not be sustained. Due to these conditions, you may not be able to sell your shares at or near ask prices or at all if you need money or otherwise desire to liquidate your shares.

The ownership by our Chief Executive Officer of Series B Preferred Stock will likely limit your ability to influence corporate matters.

Mr. Mark Meller, our chief executive officer, is the beneficial owner of 100% of the outstanding shares of the Company's Series B Preferred Stock. On July 28, 2016 the Company entered into a Series B Preferred Stock Purchase Agreement with the Company's Chief Executive Officer, Mr. Mark Meller, pursuant to which Mr. Meller was issued the only share of the Company's authorized but unissued Series B Preferred Stock. Mr. Meller was issued one (1) share of Series B Preferred Stock for (i) $100 in cash and (ii) as partial consideration for Mr. Meller's personal guarantee of the Revolving Demand Note. One (1) share of the Series B Preferred Stock has voting rights equal to (x) the total issued and outstanding Common Stock eligible to vote at the time of the respective vote divided by (y) forty-nine one-hundredths (0.49) minus (z) the total issued and outstanding Common Stock eligible to vote at the time of the respective vote. For the avoidance of doubt, if the total issued and outstanding Common Stock eligible to vote at the time of the respective vote is 5,000,000, the voting rights of the Series B Preferred Stock shall be equal to 5,204,082 (e.g. (5,000,000 / 0.49) – 5,000,000 = 5,204,082). The Series B Preferred Stock has the rights, privileges, preferences and restrictions set for in the Certificate of Designation filed by the Corporation with the Secretary of State of the State of Delaware on September 23, 2011. As a result, our chief executive officer would have significant influence over most matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions, even if other stockholders oppose them. In addition, Mr. Meller beneficially owns approximately 44.6% of our issued and outstanding common stock. This concentration of ownership might also have the effect of delaying or preventing a change of control of our company that other stockholders may view as beneficial.

Although our shares have been approved for listing on the NASDAQ Capital Market, our shares may be subject to potential delisting if we do not meet or continue to maintain the listing requirements of the NASDAQ Capital Market.

Our shares have been approved for and currently trading on The Nasdaq Capital Market ("Nasdaq"); however Nasdaq has rules for continued listing, including, without limitation, minimum market capitalization and other requirements. Failure to maintain our listing, or delisting from Nasdaq, would make it more difficult for shareholders to dispose of our common stock and more difficult to obtain accurate price quotations on our common stock. This could have an adverse effect on the price of our common stock. Our ability to issue additional securities for financing or other purposes, or otherwise to arrange for any financing we may need in the future, may also be materially and adversely affected if our common stock is not traded on a national securities exchange.

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

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

Possible adverse effect of issuance of preferred stock.

Our Certificate of Incorporation authorizes the issuance of 1,000,000 shares of preferred stock, of which all shares are available for issuance, with designations, rights and preferences as determined from time to time by the Board of Directors. As a result of the foregoing, the Board of Directors can issue, without further shareholder approval, preferred stock with dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of Common Stock. The issuance of preferred stock could, under certain circumstances, discourage, delay or prevent a change in control of the Company.

Our stock price could fall and we could be delisted from the NASDAQ in which case U.S. Broker-Dealers may be discouraged from effecting transactions in shares of our common stock because they may be considered penny stocks and thus be subject to the penny stock rules.

The SEC has adopted a number of rules to regulate "penny stock" that restricts transactions involving stock which is deemed to be penny stock. Such rules include Rules 3a51-1, 15g-1, 15g-2, 15g-3, 15g-4, 15g-5, 15g-6, 15g-7, and 15g-9 under the Securities and Exchange Act of 1934, as amended. These rules may have the effect of reducing the liquidity of penny stocks. "Penny stocks" generally are equity securities with a price of less than $5.00 per share (other than securities registered on certain national securities exchanges or quoted on the NASDAQ Stock Market if current price and volume information with respect to transactions in such securities is provided by the exchange or system). Our securities have in the past constituted, and may again in the future constitute, "penny stock" within the meaning of the rules. The additional sales practice and disclosure requirements imposed upon U.S. broker-dealers may discourage such broker-dealers from effecting transactions in shares of our common stock, which could severely limit the market liquidity of such shares and impede their sale in the secondary market.

A U.S. broker-dealer selling penny stock to anyone other than an established customer or "accredited investor" (generally, an individual with net worth in excess of $1,000,000 or an annual income exceeding $200,000, or $300,000 together with his or her spouse) must make a special suitability determination for the purchaser and must receive the purchaser's written consent to the transaction prior to sale, unless the broker-dealer or the transaction is otherwise exempt. In addition, the "penny stock" regulations require the U.S. broker-dealer to deliver, prior to any transaction involving a "penny stock", a disclosure schedule prepared in accordance with SEC standards relating to the "penny stock" market, unless the broker-dealer or the transaction is otherwise exempt. A U.S. broker-dealer is also required to disclose commissions payable to the U.S. broker-dealer and the registered representative and current quotations for the securities. Finally, a U.S. broker-dealer is required to submit monthly statements disclosing recent price information with respect to the "penny stock" held in a customer's account and information with respect to the limited market in "penny stocks".

Stockholders should be aware that, according to SEC, the market for "penny stocks" has suffered in recent years from patterns of fraud and abuse. Such patterns include (i) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (ii) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (iii) "boiler room" practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (iv) excessive and undisclosed bid-ask differentials and markups by selling broker-dealers; and (v) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, resulting in investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

On March 1, 2017, the Company entered into a new operating lease agreement for its main office located at 120 Eagle Rock Avenue, East Hanover, NJ 07936. The main office premises consist of 5,129 square feet of office space at a monthly rent starting at $8,762 and escalating to $10,044 per month by the end of the term April 30, 2024. On September 11, 2017, the Company entered into an operating lease agreement for an additional 1,870 square feet of office space at 120 Eagle Rock Ave, East Hanover, NJ commencing October 1, 2017 with a monthly rent of $3,506 for a period of one year. This lease was extended for a period of one month at $4,675. On October 24, 2017 the Company entered into a lease for $3,584 per month for one year beginning November 1, 2018.

The Company leases office space in Syracuse, NY, at a monthly rent of $2,300. The lease expired on May 31, 2018 and was subsequently extended for a three-year term commencing June 1, 2018 and ending May 31, 2021.

The Company leases 702 square feet of office space in Minneapolis, MN with a monthly rent of $1,607 a month. This lease expires March 31, 2019.

The Company leases 2,105 square feet of office space in Phoenix, AZ starting at $1,271 and escalating to $2,894 per month by the end of the term September 30, 2019.

The Company leased 3,422 square feet of office space in Greensboro, NC with a monthly rent of $4,182 a month. The lease expired February 28, 2017 and was extended after reducing the rental space to 2,267 square feet at a monthly rent of $2,765 per month. The extension expires February 28, 2020.

The Company leases 6,115 square feet of office space in Thorofare, NJ starting at $4,591 per month and escalating to $5,168 per month by the end of the term February 28, 2022.

The Company leases office space in Seattle, WA with a monthly rent of $1,931. The lease expires May 31, 2019.

The Company leases office space in Chicago, IL with a monthly rent of $582. The lease expires May 31, 2020.

The Company leases office space in Sisters, OR with a monthly rent of $720. The lease expires November 30, 2019.

The Company leases 1,107 square feet of office space in San Diego, CA with a monthly rent of $4,184 escalating to $4,461 per month at the end of the lease term, February 28, 2021.

On February 25, 2019, the Company signed a lease for 1,180 square feet of office space in Lisle, IL. The lease begins April 1, 2019 with a monthly rent of $1,942 escalating to $2,040 by the end of the lease term March 31, 2022.

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

Item 3. Legal Proceedings.

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

The Board and the Company believes the above lawsuit to be completely without merit and plan to vigorously defend such lawsuit, in addition to asking for other costs and relief that may be appropriate.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

(a) Market Information

Our shares of Common Stock were quoted on the Over-the-Counter Bulletin Board ("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".

(b) Holders of Common Equity

As of March 26, 2019, there were 858 stockholders of record. An additional number of stockholders are beneficial holders of our Common Stock in "street name" through banks, brokers and other financial institutions that are the record holders.

(c) Dividend Information

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

On April 24, 2017, the Company announced the payment of a $0.02 special cash dividend per share of Common Stock. The dividend payments announced in April was paid out on May 10, 2017 for an aggregate amount of $89,816, which was applied against additional paid in capital.

On November 15, 2017, the Company announced the payment of a $0.04 special cash dividend per share of Common Stock. The dividend payments announced in November was paid out on December 4, 2017 for an aggregate amount of $179,632, which was applied against additional paid in capital.

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.

The declaration of any future cash dividends is at the discretion of our board of directors and depends upon our earnings, if any, our capital requirements and financial position, our general economic conditions, and other pertinent conditions.

(d) Securities Authorized For Issuance Under Equity Compensation Plans

There are 56,280 outstanding options to purchase our securities.

The following table sets forth information as of December 31, 2018 with respect to compensation plans (including individual compensation arrangements) under which our common shares are authorized for issuance, aggregated as follows:

	All compensation plans previously approved by security holders; and All compensation plans not previously approved by security holders		
Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights**	**Weighted average exercise price of outstanding options, warrants and rights**	**Number of securities remaining available for future issuance**
	(a)	(b)	(c)
Equity compensation plans approved by security holders	0	$ 0.00	0
Equity compensation plans not approved by security holders.	56,280	$ 3.75	0
Total	56,280	$ 3.75	0

2004 Stock Incentive Plan

The Company adopted the 2004 Stock Incentive as the amended Plan (the "2004 Plan") in order to attract and retain qualified employees, directors, independent contractors or agents of the Company. The 2004 Plan terminated on September 29, 2014; options granted before that date were not affected by plan termination. At December 31, 2018 and 2017, 56,280 and 62,280 options remained outstanding under the 2004 Plan, respectively.

2004 Directors' and Officers' Stock Incentive Plan

The Company adopted the 2004 Directors' and Officers' Stock Incentive Plan (the "2004 D&O Plan") in order to provide long-term incentive and rewards to officers and directors of the Company and subsidiary and to attract and retain qualified employees, directors, independent contractors or agents of the Company. The 2004 D&O Plan terminated on September 29, 2014 and as of March 26, 2019, no securities were issued.

2007 Consultant Stock Incentive Plan

The Company adopted the 2007 Consultant Stock Incentive Plan (the "2007 Plan") to: (i) provide long-term incentives, payment in stock in lieu of cash and rewards to consultants, advisors, attorneys, independent contractors or agents ("Eligible Participants") of the Company; (ii) assist the Company in attracting and retaining independent contractors or agents with experience and/or ability on a basis competitive with industry practices; and (iii) associate the interests of such independent contractors or agents with those of the Company's stockholders. Awards under the 2007 Plan may include, but need not be limited to, stock options (including non-statutory stock options and incentive stock options qualifying under Section 422 of the Code), stock appreciation rights (including free-standing, tandem and limited stock appreciation rights), warrants, dividend equivalents, stock awards, restricted stock, phantom stock, performance shares or other securities or rights that the Board determines to be consistent with the objectives and limitations of the 2007 Plan. The price shall be equal to or greater than 50% of the fair market value of such shares on the date of grant of such award. The Board shall determine the extent to which awards shall be payable in cash, shares of the Company's Common Stock or any combination thereof. The 2007 Plan (but not the awards theretofore granted under the 2007 Plan) terminated on January 22, 2017 and no awards were granted thereafter. As of March 26, 2019, no securities were issued pursuant to the 2007 Plan.

Recent Sales of Unregistered Equity Securities

There were no unregistered sales of the Company's equity securities during 2018 that were not previously disclosed in a Quarterly Report on Form 10-Q or in a Current Report on Form 8-K.

Transfer Agent

Our transfer agent is Pacific Stock Transfer Company at 6725 Via Austi Pkwy, Suite 300, Las Vegas, NV 89119.

Item 6. Selected Financial Data.

Not applicable.

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

This annual report on Form 10-K and other reports filed by SilverSun Technologies, Inc. and its wholly owned subsidiaries, SWK Technologies, Inc., Secure Cloud Services, Inc., and Critical Cyber Defense Corp. (together 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 Annual Report on Form 10-K, relating to the Company's industry, the Company's operations and results of operations, and any businesses that the Company may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

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

Our 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

SilverSun Technologies, Inc. is involved in the acquisition and build-out of technology and software companies engaged in providing transformational business management applications and professional consulting services to small and medium size companies, primarily in the manufacturing, distribution and service industries.

We are executing a multi-pronged business strategy centered on recurring revenue, customer retention and on rapidly increasing the size of our installed customer base. The growth of our customer base is accomplished via our traditional marketing programs, via our Sage Partner Success Program and via acquisitions. After a customer is secured, our strategy is to up-sell and cross-sell, providing the customer with advanced technologies and third-party add-ons that help them transform their business. These add-on products could include application hosting, cybersecurity, warehouse management, human capital management, payment automation, sales tax compliance or any number of other products that we represent. Many of these incremental products and services are billed on a subscription basis, often paying monthly for the service, which increases our monthly recurring revenue ("MRR"). This strategy increases the average revenue per customer, which facilitates our continued growth, and reduces our cost of customer acquisition, which enhances our profitability profile.

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

Another key tactical strategy for our Company is developing smart, proprietary business management applications that effectively and efficiently integrate with existing business management systems; and in publishing proprietary solutions for niche markets that address unique manufacturing and distribution challenges and needs. In this regard we publish proprietary EDI (Electronic Data Interchange) software, branded as MAPADOC. MAPADOC is a fully integrated, easy-to use, feature-rich EDI solution for users of Sage Software, Inc.'s ("Sage") market leading Sage 100 ERP, Sage 500 ERP and Sage EM (formerly Sage ERP X3) software products and for users of the cloud ERP solution published by Acumatica, Inc. It is marketed and distributed by the Company's direct sales force, as well as through its platform partner, SPS Commerce, Inc. and a national network of independent software partners and resellers. Its target market is largely vendors (manufacturers and distributors) who supply big-box retailers (like Walmart, CVS, Target and Costco, etc.) and whom as a result are required to be EDI-enabled in order to transact business with these large customers.

As of November 2018, MAPADOC was included on the Sage Software pricelist. As a result, the Sage direct sales team is now permitted to sell MAPADOC.

As Microsoft Certified Systems Engineers and Microsoft Certified Professionals, our staff offers a host of mission critical services, including cybersecurity, business continuity, disaster recovery, application hosting, remote network monitoring, server implementation, support and assistance, and technical design of network infrastructure, among other services. We compete with numerous large and small companies in this market sector, both nationally and locally.

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

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

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

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

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

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

During 2018 the Company continued to expand its customer base and growth trend which we believe will provide a basis for future growth. Some of the key highlights for 2018 are as follows:

1) Revenues increased 17.6% from the prior year.

2) Income from operations was $412,760 as compared to $939,258 in the prior year.

3) Recurring revenue from all sources represents approximately 42.9% of total revenue for 2018 as opposed to 40.7% for 2017.

Revenues

Revenues for the year ended December 31, 2018 increased $6,148,284 (17.6%) to $41,000,312 as compared to $34,852,028 for the year ended December 31, 2017.

Software sales increased by $921,408 to $6,196,674 in 2018 from $5,275,266 in 2017 for an overall increase of 17.5%. This increase was primarily due to an increase in sales of our accounting software products, such as Sage Enterprise Management (formerly Sage ERP X3), and Acumatica.

Service revenue increased by $5,226,876 to $34,803,638 in 2018 from $29,576,762 in 2017 for an overall increase of 17.7%. The overall increases are primarily due to increased sales of software, continued marketing efforts, expansion of the Company's installed customer base, and the Company's strategy to increase its business by seeking additional opportunities through potential acquisitions, partnerships or investments. Approximately $1,711,000 of this increase was attributable to the impact across the various consulting practices of the Info Sys Management/Nellnube acquisitions in 2018.

Gross Profit

Gross profit for the year ended December 31, 2018 increased $3,054,964 (22.0%) to $16,920,404 as compared to $13,865,440 for the year ended December 31, 2017. The increase in overall gross profit for this period is largely attributable to the increase in revenues from the service business. For the year ended December 31, 2018, the overall gross profit percentage was 41.3% as compared to 39.8 % for the year ended December 31, 2017.

The gross profit attributed to software sales increased $188,399 to $2,863,789 for 2018 from $2,675,390 in 2017 which resulted in a decrease in the gross profit percentage from 50.7% in 2017 to 46.2% for 2018. The mix of products being sold by the Company changes from time to time which causes the overall gross margin percentage to vary.

The gross profit attributed to services increased $2,866,565 to $14,056,615 for 2018 from $11,190,050 is 2017 primarily due to the implementations of larger scale accounting systems and the increase in the managed services business. The gross profit percentage attributed to services increased to 40.4% in 2018 from 37.8% in 2017.

Operating Expenses

Selling and marketing expenses increased $1,902,056 (39.2%) to $6,752,052 for the year ended December 31, 2018 compared to $4,849,996 for the year ended December 31, 2017 due to additional sales personnel and related expenses in anticipation of accelerated growth in 2019.

General and administrative expenses increased $1,625,001 (22.1%) to $8,979,202 for the year ended December 31, 2018 as compared to $7,354,201 for the year ended December 31, 2017. This is primarily a result of increases in payroll and related expenses associated with the addition of management personnel and acquisitions.

Depreciation and amortization expense for the year ended December 31, 2018 was $703,085 as compared to $620,297 for the year ended December 31, 2017. This increase is primarily due to the amortization of the 2018 acquisitions and the internally developed software what was placed into service during 2018.

Income Taxes

For the year ended December 31, 2018, 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 change in federal statutory rate from 34% to 21% and Incentive Stock Options (ISO) and 50% of general meal and 100% of general entertainment expense which are not tax deductible. The total provision for the year ended December 31, 2018 was $108,646.

For the year ended December 31, 2017, 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 change in federal statutory rate described above and Incentive Stock Options (ISO) and 50% of general meal and entertainment expense which are not tax deductible. The total provision for the year ended December 31, 2017 was $1,394,031. The effective rate for 2017 of 153% was due to a $934,000 tax provision related to changes The 2017 Tax Cuts and Jobs Act which was enacted on December 22, 2017.

Liquidity and Capital Resources

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

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

On May 6, 2014, SWK acquired certain assets of ESC, Inc. pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of $350,000 (the "ESC Note"). The ESC Note matures on April 1, 2019. Monthly payments are $6,135 including interest at 2% per year. At December 31, 2018 and December 31, 2017, the outstanding balance was $30,521 and $102,742, 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 for $600,000 (the "PTI Note"). The PTI Note is due in 60 months from the closing date and bears interest at a rate of two and one half (2.5%) percent. Monthly payments including interest are $10,645. At December 31, 2018 and December 31, 2017, the outstanding balance on the PTI Note was $198,106 and $319,249, 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 for $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 (2%) percent. Monthly payments including interest are $17,528. The ISM Note has an optional conversion feature where the Holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, until payment in full of the ISM Note, all of the principal amount of the ISM Note, plus accrued interest, into shares of the Company's common stock at a price equal to $4.03. At December 31, 2018 the outstanding balance on the ISM Note was $904,436.

On May 31, 2018, Secure Cloud Services acquired certain assets of Nellnube, Inc. (Nellnube) pursuant to an Asset Purchase Agreement for a promissory note for $400,000 (the "Nellnube Note"). The Nellnube Note is due five years from the closing date and bears interest at a rate of two (2%) percent. Monthly payments including interest are $7,011. The Nellnube Note has an optional conversion feature where the Holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, until payment in full of the Nellnube Note, all of the principal amount of the Nellnube Note, plus accrued interest, into shares of the Company's common stock at a price equal to $4.03. At December 31, 2018 the outstanding balance on the Nellnube Note was $361,774.

On July 21, 2016, SWK entered into a Revolving Demand Note (the "MTB Revolving Demand Note") by and between SWK and M&T Bank ("MTB Lender"), a commercial lender. The MTB Lender had agreed to loan SWK up to a principal amount of one million dollars. The interest rate on the MTB Revolving Demand Note was a variable rate, equal to the "Prime Rate", plus ninety-five one-hundredths percent (0.95%) per annum. There was a minimum interest rate floor of four percent (4%). The MTB Revolving Demand Note was secured by all SWK's assets pursuant to a Security Agreement. Furthermore, on July 21, 2016, the Company and its Chief Executive Officer, Mr. Mark Meller, individually, entered into Unlimited Guaranty agreements (the "Guaranty Agreements") with the MTB Lender. The line was also collateralized by substantially all of the assets of the Company. Under the Guaranty Agreements, the Company and Mr. Meller personally, jointly and severally guaranteed the liabilities of SWK due and owing under the terms of the MTB Revolving Demand Note. The MTB Revolving Demand Note was cancelled and replaced with the note below in September 2018. At December 31, 2017 there were no borrowings under this note.

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. The JPM Lender has agreed to loan SWK up to a principal amount of two million dollars. The interest rate on the JPM Revolving Demand Note shall be a variable rate, equal to the "Adjusted LIBOR Rate", plus two and one quarter percent (2.25%) per annum. The JPM Revolving Demand Note is secured by all of SWK's assets pursuant to a Security Agreement. The line is also collateralized by substantially all of the assets of the Company. The JPM Revolving Demand Note expires August 31, 2019. At December 31, 2018 there were no borrowings under the JPM Revolving Note.

On January 2, 2019, the Company acquired certain assets of Partners in Technology, Inc ("PIT") pursuant to an Asset Purchase Agreement. In consideration for the acquired assets, the Company paid $60,000 in cash and a promissory note in the principal amount of $174,000 ("PIT Note").

During the year ended December 31, 2018, the Company had a net decrease in cash of $334,490. The Company's principal sources and uses of funds were as follows:

Cash provided by operating activities

The Company generated $1,294,564 in cash from operating activities for the year ended December 31, 2018 as compared to generating $2,308,825 of cash for operating activities for the year ended December 31, 2017. This decrease in cash provided by operating activities is primarily attributed to a decrease in accounts payable and deferred revenue and an increase in selling and general administrative expenses.

Cash used in investing activities

Investing activities for the year ended December 31, 2018 used cash of $1,063,546 as compared to using $815,510 of cash for the year ended December 31, 2017. The Company had approximately $100,000 less in purchases of property and equipment offset by approximately $100,000 in software development costs. In the current year, the Company acquired businesses for $300,000 versus prior year of $60,000 of a customer list.

Cash used in financing activities

Financing activities for the year ended December 31, 2018 used cash of $565,508 as compared to using cash of $879,017 for the year ended December 31, 2017. This decrease in cash used in financing activities is mostly attributed to the payment of a cash dividend in the prior year.

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

There was no significant impact on the Company's operations because of inflation for the year ended December 31, 2018.

Critical Accounting Policies

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

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

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers: Topic 606* which supersedes 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.

Topic 606 was effective as of January 1, 2018 using either of two methods: (1) retrospective application of Topic 606 to each prior reporting period presented with the option to elect certain practical expedients as defined within Topic 606 or (2) retrospective application of Topic 606 with the cumulative effect of initially applying Topic 606 recognized at the date of initial application and providing certain additional disclosures as defined per Topic 606. The Company adopted Topic 606 pursuant to the method (2) and it determined that any cumulative effect for the initial application did not require an adjustment to retained earnings at January 1, 2018. 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.

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.

Unbilled Services

The Company recognizes revenue on its professional services as those services are performed. Unbilled services represent the revenue recognized but not yet invoiced.

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.

Definite Lived Intangible Assets and Long-Lived Assets

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

The Company assesses potential impairment of its intangible assets 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.

Income Taxes

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

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

The 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 and is based on information that was available to management at the time the consolidated financial statements were prepared.

The Company files income tax returns in the U.S. federal and state jurisdictions. Tax years 2014 to 2018 remain open to examination for both the U.S. federal and state jurisdictions.

Off Balance Sheet Arrangements

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

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

Item 8. Financial Statements.

Our consolidated financial statements are contained in pages F-1 through F-24 which appear at the end of this Annual Report on Form 10-K.

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

There are no reportable events under this item for the year ended December 31, 2018.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure and Control Procedures

The management of SilverSun Technologies, Inc. ("SilverSun" or the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a- 15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States ("GAAP"). The Company is considered a smaller reporting company under the appropriate SEC guidance and is currently exempt, based on Section 404(b), from attestation requirements on their internal control over financial reporting.

In order to facilitate Management's assessment of the effectiveness of ICOFR, the Company engaged an independent consultant, Centri Business Consulting LLC, ("Centri") to assist with the documentation and testing of internal controls. Centri commenced planning and scoping activities in June 2018 and testing of the effectiveness of ICOFR for the 2018 year continued through to March 2019.

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

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth in the framework established by the Committee of Sponsoring Organizations of the Treadway Commission 2013 Internal Control - Integrated Framework ("COSO"). Based on this assessment, management has identified no significant deficiencies and no material weaknesses. A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

Noting no material weaknesses, management has concluded that the five components of internal control, including the 17 principles and related points of focus noted within the 2013 Internal Control-Integrated Framework are in place and operating effectively as of December 31, 2018.

Management has concluded that the Company did maintain effective internal control over financial reporting as of December 31, 2018, based on the criteria set forth in 2013 Internal Control—Integrated Framework issued by the COSO.

(c) Changes to Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting during our fourth quarter ended December 31, 2018, or in other factors that could significantly affect these controls, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

The following table and biographical summaries set forth information, including principal occupation and business experience, about our directors and executive officers at March 26, 2019:

Name	Age	Position	Officer and/or Director Since
Mark Meller	59	Chairman, President, Chief Executive Officer and Director	2003
Christine Dye	46	Chief Financial Officer	2019
Stanley Wunderlich	67	Director	2011
Joseph Macaluso	67	Director	2015
John Schachtel	57	Director	2017

Mr. Crandall Melvin, III resigned as Chief Financial Officer of the Company on February 11, 2019, effective immediately. Mr. Melvin continues to serve as an advisor to the Chief Executive Officer of the Company.

Mark Meller, Chief Executive Officer, President, Director

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

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

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

Christine Dye, Chief Financial Officer

Ms. Dye has over 20 years of financial management experience within technology solution organizations, including serving as Chief Financial Officer at three previous companies. As CFO of Send Word Now, Inc., and later as CFO at On-Net Surveillance Systems, both private-equity sponsored companies, she assisted in the sale of both businesses. In addition, she was previously Finance Director at Citrix Systems, Inc., where she also served as part of the leadership team for GoToAssist™ and the Audio Conferencing division.

Ms. Dye earned her B.S. in Accounting from the University of North Carolina at Charlotte, and is a Certified Public Accountant in New Jersey.

Stanley Wunderlich, Director

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

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

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

Joseph Macaluso, Director

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

Mr. Macaluso has a Bachelor of Science degree in Accounting from Fairfield University.

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

John Schachtel, Director

On March 27, 2017, Mr. Schachtel was appointed to the Board. Since May 2017, Mr. Schachtel has been the Executive Vice President and Chief Operating Officer of Regional Management Corp., one of the leading consumer finance installment loan companies in the United States. Prior to assuming his current position, Mr. Schachtel was the Chief Operating Officer of OneMain Financial Holdings, Inc. and served 11 years as the Executive Vice President, Northeast & Midwest Division for OneMain Financial Holdings, Inc.

Mr. Schachtel has a Bachelor of Science degree from Northwestern University and an MBA in Finance from New York University.

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

Family Relationships

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

Board Composition and Director Independence

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

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

Board Committees

Currently, the Audit Committee consists of Mr. Joseph Macaluso, Mr. Stanley Wunderlich and Mr. John Schachtel. Mr. Macaluso, Chairman of the Audit Committee, may be deemed a financial expert as defined in §228.401(e) of the regulations promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended.

Currently, the Compensation Committee consists of Mr. Joseph Macaluso, Mr. Stanley Wunderlich and Mr. John Schachtel. Mr. Schachtel serves as Chairman.

Currently, the Nominating and Corporate Governance Committee consists of Mr. Joseph Macaluso, Mr. Stanley Wunderlich and Mr. John Schachtel. Mr. Wunderlich serves as Chairman.

Compliance with Section 16(a) of the Exchange Act

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

Based solely upon a review of Forms 3 and 4 and amendments thereto furnished to the Company during the fiscal year ended December 31, 2018, including those reports that we have filed on behalf of our directors and Section 16 officers, no director, Section 16 officer, beneficial owner of more than 10% of the outstanding common stock of the company, or any other person subject to Section 16 of the Exchange Act, failed to file with the SEC on a timely basis during the fiscal year ended December 31, 2018, except that, Mr. Jeffrey Roth did not timely file a Form 4 for a sale of 50,000 shares of common stock which occurred on March 14, 2018, a Form 4 for a sale of 200 shares of common stock which occurred on July 4, 2018, a Form 4 for a sale of 10,000 shares of common stock which occurred on July 12, 2018, a Form 4 for a sale of 13,800 shares of common stock which occurred between July 26, 2018 and July 31, 2018, a Form 4 for a sale of 962 shares of common stock which occurred on August 16, 2018, and a Form 4 for a sale of 9,038 shares of common stock which occurred between August 21, 2018 and August 29, 2018.

Code of Ethics

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

Legal Proceedings

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

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

The Board and the Company believes the above lawsuit to be completely without merit and plan to vigorously defend such lawsuit, in addition to asking for other costs and relief that may be appropriate.

Item 11. Executive Compensation.

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officers paid by us during the years ended December 31, 2018 and 2017.

Name and Position(s)	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total Compensation ($)
Mark Meller	2018	$ 704,685	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 704,685
President, Chief Executive Officer, and Director	2017	$ 640,862	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 640,862
Crandall Melvin III (1)	2018	$ 200,000	$ 6,500	$ 0	$ 0	$ 0	$ 0	$ 0	$ 206,500
Chief Financial Officer	2017	$ 199,423	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 199,423

[1]Mr. Melvin retired as Chief Financial Officer effective February 11, 2019.

Mark Meller, Chief Executive Officer

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

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

Potential Payments upon Termination or Change in Control

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

Outstanding Equity Awards at Fiscal Year-End 2018

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

Director Compensation

We pay only our independent directors for their service on our board of directors. Mr. Wunderlich will be paid $1,000 per month, payable quarterly for his service as a member of the board and as Chairman of the Nominating and Governance Committee. Mr. Macaluso will be paid $1,500 per month, payable quarterly for his service as a member of the board and as Chairman of the Audit Committee. Mr. Schachtel will be paid $1,500 per month, payable quarterly for his service as a member of the board and as Chairman of the Compensation Committee.

The following Director Compensation Table sets forth the compensation of our directors for the fiscal year ending on December 31, 2018.

Director Compensation for Fiscal 2018

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

Director Agreements

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

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

On March 27, 2017, we entered into a director agreement ("Schachtel Director Agreement") with John Schachtel, pursuant to which Mr. Schachtel was appointed to the Board effective March 27, 2017 (the "Effective Date"). The Schachtel Director Agreement may, at the option of the Board, be automatically renewed on such date that Mr. Schachtel is re-elected to the Board. Under the Schachtel Director Agreement, Mr. Schachtel is to be paid a stipend of one thousand five hundred dollars ($1,500) (the "Stipend") per month, payable quarterly. Additionally, Mr. Schachtel shall receive warrants (the "Warrants") to purchase such number of shares of the Company's Common Stock, as shall equal (the "Formula") (A) $20,000 divided by (B) the closing price of the Common Stock on the OTC Markets on the date of grant of the Warrant. The exercise price of the Warrant shall be the closing price on the date of the grant of such Warrant (the "Grant Date") plus $0.01. The Warrant shall be fully vested upon receipt thereof (the "Vesting Date").

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

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of March 26, 2019 by (a) each stockholder who is known to us to own beneficially 5% or more of our outstanding Common Stock; (b) all directors; (c) our executive officers, and (d) all executive officers and directors as a group. Except as otherwise indicated, all persons listed below have (i) sole voting power and investment power with respect to their shares of Common Stock, except to the extent that authority is shared by spouses under applicable law, and (ii) record and beneficial ownership with respect to their shares of Common Stock.

For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares of Common Stock that such person has the right to acquire within 60 days of March 26, 2019. For purposes of computing the percentage of outstanding shares of our Common Stock held by each person or group of persons named above, any shares that such person or persons has the right to acquire within 60 days of March 26, 2019 is deemed to be outstanding, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person. The inclusion herein of any shares listed as beneficially owned does not constitute an admission of beneficial ownership. Unless otherwise identified, the address of our directors and officers is c/o SilverSun Technologies, Inc. at 120 Eagle Rock Ave, Suite 330, East Hanover, NJ 07936.

	Number of Shares of Common Stock Beneficially Owned	Percentage of Ownership of Common Stock (1)	Outstanding Preferred Stock	Percentage Ownership of Preferred Stock (3)
Officers and Directors				
Mark Meller Chief Executive Officer, President and Chairman	2,006,534	44.58%	1	100%
Crandall Melvin III (4) Chief Financial Officer	74,589	1.66%	-	-
Christine Dye (5) Chief Financial Officer	-	-	-	-
Joseph Macaluso Director	3,333	*	-	-
Stanley Wunderlich Director	17,741	*	-	-
John Schachtel Director	7,031	*	-	-
Officers and Directors as a Group	2,109,228	46.86%	1	100%
5% Beneficial Shareholders				
Jeffrey Roth (2)	626,384	13.92%	-	-
Poplar Point Capital Management LLC (6)	283,633	6.30%	-	-
Bard Associates, Inc. (7)	284,855	6.24%	-	-

* denotes less than 1%

(1) Based on 4,500,755 shares of Common Stock outstanding as of March 26, 2019. Shares of Common Stock subject to options or warrants currently exercisable or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage of any other person.

(2) Mr. Roth is a former employee of SWK Technologies, Inc, a wholly-owned subsidiary of SilverSun Technologies, Inc.

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

(4) Mr. Melvin retired as Chief Financial Officer effective February 11, 2019.

(5) Ms. Dye became Chief Financial Officer effective February 11, 2019.

(6) All information about Poplar Point Capital Management, LLC, and related parties, is based on a Schedule 13G filed with the SEC on November 30, 2018.

(7) All information about Bard Associates, Inc. is based on a Schedule 13G filed with the SEC on December 31, 2018.

Item 13. Certain Relationships and Related Transactions.

The Company leases its North Syracuse office space from its former CFO, Crandall Melvin III. The monthly rent for this office space is $2,300.

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 paid for 2018 and 2017 was $15,915 and $37,357 respectively under this lease.

Director Independence

On an annual basis, each director and executive officer will be obligated to disclose any transactions with the Company in which a director or executive officer, or any member of his or her immediate family, have a direct or indirect material interest in accordance with Item 407(a) of Regulation S-K. Following completion of these disclosures, the Board will make an annual determination as to the independence of each director using the current standards for “independence” that satisfy the criteria for the Nasdaq Capital Markets.

As of December 31, 2018, the Board determined that Mr. Wunderlich, Mr. Macaluso, and Mr. Schachtel were independent.

Item 14. Principal Accountant Fees and Services.

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

Services	**2018**	**2017**
Audit Fees	$ 90,000	$ 90,000
Audit - Related Fees	-	-
Tax fees	30,000	15,000
All Other Fees (a)	-	-
Total	$ 120,000	$ 105,000

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

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

PART IV

Item 15. Exhibits.

(a)

Exhibit No.	Description
2.1	Asset Purchase Agreement, dated March 11, 2015, by and among SWK Technologies, Inc., 2000Soft, Inc. d/b/a Accounting Technology Resources and Karen Espinoza McGarrigle. (incorporated by reference to Exhibit 2.1 on the Company's current report on Form 8-K filed with the SEC on March 17, 2015).
2.2	Form of Asset Purchase Agreement, dated July 6, 2015, by and among SWK Technologies, Inc., ProductiveTech, Inc. a New Jersey corporation John McPoyle and Kevin Snyder (incorporated herein by reference to Exhibit 2.1 on Form 8-K, filed with the SEC on July 10, 2015)
2.2	Form of Asset Purchase Agreement, dated May 18, 2018, by and among SWK Technologies, Inc., InfoSys Management, Inc. and three individuals (incorporated herein by reference to Exhibit 2.1 on the Company's Form 8-K, filed with the SEC on May 24, 2018)
2.3	Form of Asset Purchase Agreement, dated May 18, 2018, by and among Secure Cloud Services, Inc., SilverSun Technologies, Inc., Nellnube, Inc. and Info Sys Management, Inc. (incorporated herein by reference to Exhibit 2.2 on the Company's Form 8-K, filed with the SEC on May 24, 2018)
3.1	Second Amended Certificate of incorporation of SilverSun Technologies, Inc., filed September 5, 2003 (incorporated herein by reference to Exhibit 3.1 of the registration statement on Form SB-2, filed with the SEC on November 25, 2003).
3.2	By-laws of iVoice, Inc., a New Jersey corporation, incorporated herein by reference to Exhibit 3.2 of the Registrant's Form 10-QSB for the period ended March 31, 2003.
3.3	Fourth Amended and Restated Certificate of incorporation of SilverSun Technologies, Inc., (incorporated herein by reference to Exhibit 3.1 on Form 8-K, dated June 27, 2011, filed with the SEC on June 30, 2011).
3.4	Amendment to the Bylaws of the Company (incorporated herein by reference to Exhibit 3.2 on Form 8-K, dated June 27, 2011, filed with the SEC on June 30, 2011)
4.1	iVoice Acquisition 1, Inc. 5% Convertible Debenture due March 20, 2005 issued to Elma S. Foin (incorporated herein by reference to Exhibit 4.2 of the registration statement on Form SB-2, filed with the SEC on December 22, 2003).
4.2	iVoice Acquisition 1, Inc. 5% Convertible Debenture due March 20, 2005 issued to Darryl A. Moy (incorporated herein by reference to Exhibit 4.3 of the registration statement on Form SB-2, filed with the SEC on December 22, 2003).
4.3	iVoice Acquisition 1, Inc. 5% Convertible Debenture due March 20, 2005 issued to Henry Tyler (incorporated herein by reference to Exhibit 4.4 of the registration statement on Form SB-2, filed with the SEC on December 22, 2003).
4.4	SilverSun Technologies, Inc. 7.5% Secured Convertible Debenture, for a value of $600,000, due December 30, 2007 to YA Global (f/k/a/ Cornell Capital Partners, LP).
4.5	SilverSun Technologies, Inc. 7.5% Secured Convertible Debenture, for a value of $1,159,047, due December 30, 2007 to YA Global (f/k/a/ Cornell Capital Partners, LP).
4.6	Certificate of Designation of Series A Convertible Preferred Stock, incorporated herein by reference to Exhibit 4.1 on Form 8-K, dated May 4, 2011, filed with the SEC on May 12, 2011.
4.7	Certificate of Designation of Series B Preferred Stock, incorporated herein by reference to Exhibit 4.1 on Form 8-K, dated September 23, 2011, filed with the SEC on September 27, 2011.
10.1	Employment Agreement, dated January 1, 2003, between iVoice Acquisition 1, Inc. and Jerome Mahoney. (incorporated herein by reference to Exhibit 10.8 of the Registration Statement on Form SB-2 filed on November 25, 2003).
10.2	Employment Agreement, dated September 15, 2003, between SilverSun Technologies, Inc. and Mark Meller. (incorporated herein by reference to Exhibit 10.9 of the Registration Statement on Form SB-2 filed on November 25, 2003).
10.3	Equity Line of Credit Agreement dated January 24, 2003 between Cornell Capital Partners, LP, and iVoice Acquisition 1, Inc. (incorporated herein by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed with the SEC on May 12, 2003)
10.4	Registration Rights Agreement dated January 24, 2003 between Cornell Capital Partners, LP, and iVoice Acquisition 1, Inc. (incorporated herein by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed with the SEC on May 12, 2003).
10.5	Stock Purchase Agreement dated January 24, 2003 between iVoice Acquisition 1, Inc. and listed Buyers (incorporated herein by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed with the SEC on May 12, 2003).
10.6	Placement Agreement dated January 24, 2003 between iVoice Acquisition 1, Inc. and Cornell Capital Partners LP. (incorporated herein by reference to Exhibit 10.5 of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed with the SEC on May 12, 2003).
10.7	Termination Agreement dated December 30, 2005 between YA Global (f/k/a/ Cornell Capital Partners, LP). and SilverSun Technologies, Inc.
10.8	Escrow Agreement dated December 30, 2005 between David Gonzalez, Esq. And SilverSun Technologies, Inc.

10.9	Securities Purchase Agreement dated December 30, 2005 between YA Global (f/k/a/ Cornell Capital Partners, LP). and SilverSun Technologies, Inc.
10.10	Investor Rights Agreement dated December 30, 2005 between YA Global (f/k/a/ Cornell Capital Partners, LP). and SilverSun Technologies, Inc.
10.11	Amended and Restated Security Agreement dated December 30, 2005 between YA Global (f/k/a/ Cornell Capital Partners, LP). and SilverSun Technologies, Inc.
10.12	Securities Purchase Agreement dated May 6, 2009 by and among SilverSun Technologies, SWK Technologies, Inc., Jeffrey D. Roth and Jerome R. Mahoney. (incorporated herein by reference to Exhibit 10.1 on Form 10-K, dated May 9, 2009, filed with the SEC on May 26, 2009).
10.13	Termination Settlement Agreement dated May 6, 2009 by and among SilverSun Technologies, SWK Technologies, Inc., Jeffrey D. Roth and Jerome R. Mahoney. (incorporated herein by reference to Exhibit 10.2 on Form 10-K, dated May 9, 2009, filed with the SEC on May 26, 2009).
10.14	Promissory notes, dated April 11, 2011 among SilverSun Technologies, Inc and accredited investors (incorporated herein by reference to Exhibit 10.1 on Form 8-K, dated April 11, 2011, filed with the SEC on April 15, 2011).
10.15	Form of Preferred Stock Purchase Agreement (incorporated by reference to Exhibit 10.2 on the Company's current report on Form 8-K filed with the SEC on May 12, 2011).
10.16	Amended Agreement by and between the Company and Mr. Stanley Wunderlich (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed with the SEC on August 3, 2011).
10.17	Form of Warrant (incorporated by reference to Exhibit 10.2 to the Company's current report on Form 8-K filed with the SEC on August 3, 2011).
10.18	Loan and Security Agreement by and between the Company, its subsidiary SWK Technologies, Inc and a commercial lender (incorporated herein by reference to Exhibit 10.18 of the Annual Report on Form 10-K for the period ended December 31, 2011, filed with the SEC on March 29, 2012).
10.19	Audit Committee Charter (incorporated herein by reference to Exhibit 10.19 of the Annual Report on Form 10-K for the period ended December 31, 2011, filed with the SEC on March 29, 2012).
10.20	Form of Purchase Agreement, dated June 14, 2012, by and among SWK Technologies, the Company's wholly-owned subsidiary, Neil Wolf, Esq., not individually, but solely in his capacity as Trustee-Assignee of the Trust Agreement and Assignment for the Benefit of the Creditors of Hightower, Inc., Hightower, Inc., and the Stockholders of Hightower, Inc. (incorporated by reference to Exhibit 2.1 on the Company's current report on Form 8-K filed with the SEC on June 20, 2012).
10.21	Promissory Note, dated March 11, 2015, issued in favor of 2000Soft, Inc. d/b/a Accounting Technology Resources, a California corporation (incorporated by reference to Exhibit 10.2 on the Company's current report on Form 8-K filed with the SEC on March 17, 2015).
10.22	Form of Promissory Note, dated July 6, 2015, issued in favor of ProductiveTech, Inc., a New Jersey corporation (incorporated herein by reference to Exhibit 10.1 on Form 8-K, filed with the SEC on July 10, 2015)
10.23	Amended and Restated Employment Agreement, dated February 4, 2016, between Mark Meller and Silversun Technologies, Inc. (incorporated herein by reference to Exhibit 10.1 on Form 8-K, filed with the SEC on February 5, 2016.
10.24	Form of $1,000,000 Convertible Promissory Note, dated May 18, 2018, issued in favor of Info Sys Management, Inc. (incorporated herein by reference to Exhibit 10.1 on Form 8-K, filed with the SEC on May 24, 2018)
10.25	Form of $400,000 Convertible Promissory Note, May 18, 2018, issued in favor of Info Sys Management, Inc. (incorporated herein by reference to Exhibit 10.2 on Form 8-K, filed with the SEC on May 24, 2018)
10.26	Form of Employment Agreement, dated May 18, 2018 by and between SWK Technologies, Inc. and Brian James O'Reilly (incorporated herein by reference to Exhibit 10.3 on Form 8-K, filed with the SEC on May 24, 2018)
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 filed with the Registrant's Form 10-KSB for the fiscal year ended December 31, 2003).
21.1 *	List of Subsidiaries
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 filed herein.
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 filed herein.
32.1 *	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herein.
32.2 *	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herein.
101.INS *	XBRL Instance Document
101.SCH *	XBRL Taxonomy Extension Schema
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase
101.DEF *	XBRL Taxonomy Extension Definition Linkbase
101.LAB *	XBRL Taxonomy Extension Label Linkbase
101.PRE *	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith

SIGNATURES

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

SILVERSUN TECHNOLOGIES, INC.

Date: March 28, 2019	By:	*/s/ Mark Meller* Mark Meller Principal Executive Officer
Date: March 28, 2019	By:	*/s/ Christine Dye* Christine Dye Principal Financial Officer

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

Name	Position	Date
/s/ *Mark Meller* Mark Meller	Principal Executive Officer	March 28, 2019
/s/ *Stanley Wunderlich* Stanley Wunderlich	Director	March 28, 2019
/s/ *Joseph Macaluso* Joseph Macaluso	Director	March 28, 2019
/s/ *John Schachtel* John Schachtel	Director	March 28, 2019
/s/ *Christine Dye* Christine Dye	Principal Financial Officer	March 28, 2019

PART F/S

INDEX TO FINANCIAL STATEMENTS

AUDITED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of SilverSun Technologies, Inc. and Subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Friedman LLP

We have served as the Company's auditor since 2004.

Marlton, New Jersey
March 28, 2019

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

	2018	2017
ASSETS		
Current assets:		
Cash	$ 1,900,857	$ 2,235,347
Accounts receivable, net of allowance of $375,000	2,378,144	2,336,481
Unbilled services	172,447	428,208
Prepaid expenses and other current assets	434,307	403,911
Total current assets	4,885,755	5,403,947
Property and equipment, net	688,122	567,532
Intangible assets, net	3,953,662	2,640,457
Goodwill	885,000	401,000
Deferred tax assets	1,292,055	1,363,000
Deposits and other assets	39,791	36,312
Total assets	$ 11,744,385	$ 10,412,248
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank line of credit	$ -	$ -
Accounts payable	2,028,218	2,094,297
Accrued expenses	1,785,306	1,071,515
Accrued interest	14,628	16,283
Income taxes payable	20,000	97,097
Contingent consideration, related party – current portion	22,548	63,380
Long term debt, related party – current portion	426,350	257,846
Capital lease obligations – current portion	87,355	94,443
Deferred revenue	1,848,821	2,150,771
Total current liabilities	6,233,226	5,845,632
Contingent consideration, related party - net of current portion	-	42,255
Long term debt, related party - net of current portion	1,068,487	228,626
Capital lease obligations - net of current portion	108,512	68,614
Total liabilities	7,410,225	6,185,127
Commitments and Contingencies		
Stockholders' equity:		
Preferred Stock, $0.001 par value; authorized 1,000,000 shares		
Series A Preferred Stock, $0.001 par value; authorized 2 shares No shares issued and outstanding	-	-
Series B Preferred Stock, $0.001 par value; authorized 1 share 1 share issued and outstanding	1	1
Common stock, $0.00001 par value; authorized 75,000,000 shares 4,500,755 and 4,489,903 shares issued and outstanding	46	46
Additional paid-in capital	11,763,923	11,919,316
Accumulated deficit	(7,429,810)	(7,692,242)
Total stockholders' equity	4,334,160	4,227,121
Total liabilities and stockholders' equity	$ 11,744,385	$ 10,412,248

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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended December 31, 2018	For the Years Ended December 31, 2017
Revenues:		
Software product, net	$ 6,196,674	$ 5,275,266
Service, net	34,803,638	29,576,762
Total revenues, net	41,000,312	34,852,028
Cost of revenues:		
Product	3,332,885	2,599,876
Service	20,747,023	18,386,712
Total cost of revenues	24,079,908	20,986,588
Gross profit	16,920,404	13,865,440
Operating expenses:		
Selling and marketing expenses	6,752,052	4,849,996
General and administrative expenses	8,979,202	7,354,201
Share-based compensation	73,305	101,688
Depreciation and amortization	703,085	620,297
Total operating expenses	16,507,644	12,926,182
Income from operations	412,760	939,258
Other (expense) income:		
Interest expense, net	(41,682)	(31,696)
Total other (expense) income	(41,682)	(31,696)
Income before income taxes	371,078	907,562
Income tax provision	(108,646)	(1,394,031)
Net income (loss)	$ 262,432	$ (486,469)
Basic and diluted net income (loss) per common share		
Basic	$ 0.06	$ (0.11)
Diluted	$ 0.06	$ (0.11)
Weighted average shares outstanding:		
Basic	4,499,559	4,489,013
Diluted	4,706,487	4,489,013

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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	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, 2017	-	$ -	1	$ 1	4,477,403	$ 46	$ 12,176,642	$ (7,205,773)	$ 4,970,916
Stock warrants in exchange for services	-	-	-	-	-	-	19,923	-	19,923
Issuance of common stock for services	-	-	-	-	12,500	-	47,500	-	47,500
Cash dividend	-	-	-	-	-	-	(359,014)	-	(359,014)
Share-based compensation	-	-	-	-	-	-	34,265	-	34,265
Net loss	-	-	-	-	-	-	-	(486,469)	(486,469)
Balance at December 31, 2017	-	$ -	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
Cancelled stock	-	-	-	-	(1,000)	-	(3,661)	-	(3,661)
Cash dividend declared	-	-	-	-	-	-	(225,038)	-	(225,038)
Share-based compensation	-	-	-	-	-	-	28,000	-	28,000
Net income	-	-	-	-	-	-	-	262,432	262,432
Balance at December 31, 2018	-	$ -	1	$ 1	4,500,755	$ 46	$ 11,763,923	$ (7,429,810)	$ 4,334,160

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

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

	2018	2017
Cash flows from operating activities:		
Net income (loss)	$ 262,432	$ (486,469)
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Deferred income taxes	70,945	1,051,902
Depreciation and amortization	326,285	255,362
Amortization of intangibles	376,800	364,934
Bad debt write-off expense	96,026	44,147
Share-based compensation	28,000	34,265
Common stock issued in exchange for services	45,306	47,500
Stock warrants in exchange for services	-	19,923
Changes in certain assets and liabilities:		
Accounts receivable	(137,687)	120,993
Unbilled services	255,761	35,355
Prepaid expenses and other current assets	(77,439)	(72,817)
Deposits and other assets	3,757	(7,425)
Accounts payable	(66,078)	272,226
Accrued expenses	488,753	247,924
Income tax payable	(77,097)	(80,369)
Accrued interest	750	750
Deferred revenues	(301,950)	460,624
Net cash provided by operating activities	1,294,564	2,308,825
Cash flows from investing activities:		
Software development costs	(617,545)	(514,280)
Acquisition of customer list	-	(60,000)
Acquisition of business	(300,000)	-
Purchases of property and equipment	(146,001)	(241,230)
Net cash used in investing activities	(1,063,546)	(815,510)
Cash flows from financing activities:		
Payment of cash dividend	-	(359,014)
Payment for repurchase of common stock	(3,661)	-
Repayment of contingent consideration	(83,087)	(106,079)
Repayments of long term debt	(346,997)	(306,678)
Principal payment under capital lease obligations	(131,763)	(107,246)
Net cash used in financing activities	(565,508)	(879,017)
Net (decrease) increase in cash	(334,490)	614,298
Cash, beginning of year	2,235,347	1,621,049
Cash, end of year	$ 1,900,857	$ 2,235,347
Supplemental Schedule of Cash Flow Information:		
During the year, cash was paid for the following:		
Income taxes	$ 217,210	$ 335,398
Interest	$ 43,337	$ 30,946

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

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

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

For the Year Ended December 31, 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 9).

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 9).

On December 24, 2018, the Company announced the payment of a $0.05 special cash dividend per share of Common Stock payable on January 14, 2019 for an aggregate amount of $225,038, which was applied against paid in capital.

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

For the Year Ended December 31, 2017:

The Company incurred approximately $115,462 in capital lease obligations for purchases of equipment.

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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 – DESCRIPTION OF BUSINESS

SilverSun Technologies, Inc. ("SilverSun") through our wholly owned subsidiaries SWK Technologies, Inc. ("SWK"), Secure Cloud Services, Inc. ("SCS"), Critical Cyber Defense Corp. ("CCD") together with SilverSun, (the "Company") is a value-added reseller and master developer for Sage Software's Sage100/500 and Sage EM (formerly Sage ERP X3) financial and accounting software as well as the publisher of proprietary software solutions, including its own Electronic Data Interchange (EDI) software, "MAPADOC." The Company is also a managed network service provider, providing remote network monitoring services, business continuity, disaster recovery, data backup, and application hosting. The Company sells services and products to various industries including, but not limited to, manufacturers, wholesalers and distributors located throughout the United States. The Company is publicly traded and 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".

In May 2018, the Company formed a wholly owned subsidiary, Secure Cloud Services, Inc. ("SCS"), a Nevada corporation, for the purpose of providing application hosting services.

In May 2018, the Company completed the purchase of selected assets and assumed certain liabilities of Info Sys Management, Inc. ("ISM"), an Oregon based reseller of Sage Software and Acumatica applications. ISM's customers and business products and services have been integrated into the infrastructure of SWK (see Note 9).

In May 2018, the Company completed the purchase of selected assets and assumed certain liabilities of Nellnube, Inc. ("NNB"), an Oregon based application hosting provider. NNB's customers and business products and services have been integrated into the infrastructure of SCS (see Note 9).

In May 2018, the Company formed a wholly owned subsidiary, Critical Cyber Defense Corp. ("CCD"), a Nevada corporation, for the purpose of providing cyber defense products and services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the "Company" and its wholly-owned subsidiaries. These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States. All significant inter-company transactions and accounts have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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 years ended December 31, 2018 and 2017.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capitalization of proprietary developed software

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

Definite Lived Intangible Assets and Long-lived Assets

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

The Company assesses potential impairment of its intangible assets and other long-lived assets when there is evidence that recent events or changes in circumstances have made recovery of an asset's carrying value unlikely. Factors the Company considers important, which may cause impairment include, among others, significant changes in the manner of use of the acquired asset, negative industry or economic trends, and significant underperformance relative to historical or projected operating results. No impairment losses were identified or recorded in the years ended December 31, 2018 and 2017.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers: Topic 606* which supersedes 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.

Topic 606 was effective as of January 1, 2018 using either of two methods: (1) retrospective application of Topic 606 to each prior reporting period presented with the option to elect certain practical expedients as defined within Topic 606 or (2) retrospective application of Topic 606 with the cumulative effect of initially applying Topic 606 recognized at the date of initial application and providing certain additional disclosures as defined per Topic 606. The Company adopted Topic 606 pursuant to the method (2) and it determined that any cumulative effect for the initial application did not require an adjustment to retained earnings at January 1, 2018. 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 years ended December 31, 2018 and 2017 the professional consulting service revenue was $14,777,150 and $13,074,353 respectively. For the years ended December 31, 2018 and 2017 the maintenance revenue was $10,797,343 and $8,587,940 respectively. For the years ended December 31, 2018 and 2017 the ancillary service revenue was $9,229,145 and $7,914,469 respectively.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unbilled Services

The Company recognizes revenue on its professional services as those services are performed. 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 December 31, 2018, there was $444,498 in deferred maintenance, $149,549 in deferred support services, and $1,254,774 in deposits for future consulting services. As of December 31, 2017, there was $452,773 in deferred maintenance, $207,911 in deferred support services, and $1,490,087 in deposits for future consulting services.

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 December 31, 2018, the Company had cash on deposit of approximately $1,473,286 in excess of the federally insured limits of $250,000.

For the years ended December 31, 2018 and 2017, the top ten customers accounted for 17% ($7,173,499) and 21% ($7,461,570), respectively, of total revenues. The Company does not rely on any one specific customer for any significant portion of its revenue base.

As of December 31, 2018 and 2017, no one customer represented more than 10% of the total accounts receivable and unbilled services.

For both the years ended December 31, 2018 and 2017, purchases from one supplier through a “channel partner” agreement were approximately 22% and 23% 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.

For the years ended December 31, 2018 and 2017, one supplier represented approximately 40% and 37% of total accounts payable, respectively.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable and cash and cash equivalents. As of December 31, 2018, the Company believes it has no significant risk related to its concentration of accounts receivable.

Accounts Receivable

Accounts receivable consist primarily of invoices for maintenance and professional services. Full payment for software ordered by customers is 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.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

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

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

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 and is based on information that was available to management at the time the consolidated financial statements were prepared.

The Company files income tax returns in the U.S. federal and state jurisdictions. Tax years 2014 to 2018 remain open to examination for both the U.S. federal and state jurisdictions.

There were no liabilities for uncertain tax positions at December 31, 2018 and 2017.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 significantly impact stock-based compensation expense.

Recently Adopted Authoritative Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers: Topic 606* which supersedes 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. The ASU defines a five-step process to achieve the core principal and, in doing so, it is possible more judgement and estimates may be required within the revenue recognition process than are currently in use. The ASU was effective for the Company in the first quarter of 2018 using either of two methods: (1) retrospective application to each prior reporting period presented with the option to elect certain practical expedients or (2) retrospective application with the cumulative effect of initially applying the ASU recognized at the date of the initial application and providing certain disclosures. The Company adopted Topic 606 pursuant to the method (2) and it determined that any cumulative effect for the initial application did not require an adjustment to retained earnings at January 1, 2018.

Recent 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. The Company determined that this standard will have a material effect on the Company's financial statements. While the Company continues to assess all of the effects of adoption, the Company currently believes the most significant effects relate to the recognition of new ROU assets and lease liabilities on the Company's balance sheet for the Company's real estate operating leases. On adoption, the Company currently will recognize additional operating liabilities of approximately $911,000, with corresponding ROU assets of the same amount based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Company does not expect the adoption of this standard to have a significant impact on its financial position and results of operations.

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 the Company does not expect this to have a material impact on the 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 INCOME PER COMMON SHARE

The Company's basic income per common share is based on net income for the relevant period, divided by the weighted average number of common shares outstanding during the period. Diluted income per common share is based on net income, divided by the weighted average number of common shares outstanding during the period, including common share equivalents, such as outstanding option and warrants to the extent they are dilutive. The computation of diluted income per share for the year ended December 31, 2018 does not include share equivalents as some 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 is included below. For the year ended December 31, 2017 all warrants and options are excluded as the Company is in a net loss position.

		Year Ended December 31, 2018		Year Ended December 31, 2017
Basic net income (loss) per share:				
Net income (loss)	$	262,432	$	(486,469)
Weighted-average common shares outstanding		4,499,559		4,489,013
Basic net income (loss) per shares	$	0.06	$	(0.11)
Diluted net income (loss) per share:				
Net income (loss) per above	$	262,432	$	(486,469)
Interest on convertible debt		13,444		-
Net income (loss)	$	275,876	$	(486,469)
Weighted-average common shares outstanding		4,499,559		4,489,013
Incremental shares for stock options		4,000		-
Incremental shares for convertible promissory notes		202,928		-
Total adjusted weighted-average shares		4,706,487		4,489,013
Diluted net income (loss) per share	$	0.06	$	(0.11)

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

	Year Ended December 31, 2018	Year Ended December 31, 2017
Stock options	42,280	62,280
Warrants	208,241	208,241
Total potential dilutive securities not included in income (loss) per share	250,521	270,521

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	December 31, 2018	December 31, 2017
Leasehold improvements	$ 98,831	$ 88,511
Equipment, furniture and fixtures	2,479,732	2,043,177
	2,578,563	2,131,688
Less: Accumulated depreciation and amortization	(1,890,441)	(1,564,156)
Property and equipment, net	$ 688,122	$ 567,532

Depreciation and amortization expense related to these assets for the years ended December 31, 2018 and 2017 was $326,285 and $255,362.

Property and equipment under capital leases are summarized as follows:

	December 31, 2018	December 31, 2017
Equipment, furniture and fixtures	436,084	315,560
Less: Accumulated amortization	(103,061)	(126,478)
Property and equipment, net	$ 333,023	$ 189,082

NOTE 5 – GOODWILL AND INTANGIBLE ASSETS

The following table sets forth activity in goodwill. See Note 9 for details of acquisitions that occurred during the year ended December 31, 2018.

Goodwill balance at December 31, 2017	$ 401,000
Acquisition of ISM	398,000
Acquisition of Nellnube	86,000
Goodwill balance at December 31, 2018	$ 885,000

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

The components of intangible assets are as follows:

	December 31, 2018	December 31, 2017	Estimated Useful Lives
Proprietary developed software	$ 1,809,651	$ 1,192,109	5 – 7
Intellectual property, customer list, and acquired contracts	4,202,014	3,129,551	5 – 15
Total intangible assets	$ 6,011,665	$ 4,321,660	
Less: accumulated amortization	(2,058,003)	(1,681,203)	
	$ 3,953,662	$ 2,640,457	

NOTE 5 – GOODWILL AND INTANGIBLE ASSETS (Continued)

Amortization expense related to the above intangible assets was $376,800 and $364,934, respectively, the years ended December 31, 2018 and 2017.

Included in proprietary developed software is $303,361 not yet in service and accordingly no amortization was recorded. The Company expects the proprietary developed software to be placed in service in 2019, and has included amortization in the future amortization schedule accordingly. On September 1, 2017 the Company paid $60,000 to an entity for its customer list.

The Company expects future amortization expense to be the following:

	Amortization
2019	$ 546,720
2020	528,728
2021	492,178
2022	425,476
2023	362,363
thereafter	1,598,197
Total	$ 3,953,662

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

On July 21, 2016, SWK entered into a Revolving Demand Note (the "MTB Revolving Demand Note") by and between SWK and M&T Bank ("MTB Lender"), a commercial lender. The MTB Lender had agreed to loan SWK up to a principal amount of one million dollars. The interest rate on the MTB Revolving Demand Note was a variable rate, equal to the "Prime Rate", plus ninety-five one-hundredths percent (0.95%) per annum. There was a minimum interest rate floor of four percent (4%). The MTB Revolving Demand Note was secured by all SWK's assets pursuant to a Security Agreement. Furthermore, on July 21, 2016, the Company and its Chief Executive Officer, Mr. Mark Meller, individually, entered into Unlimited Guaranty agreements (the "Guaranty Agreements") with the MTB Lender. The line was also collateralized by substantially all of the assets of the Company. Under the Guaranty Agreements, the Company and Mr. Meller personally, jointly and severally guaranteed the liabilities of SWK due and owing under the terms of the MTB Revolving Demand Note. The MTB Revolving Demand Note was cancelled and replaced with the note below in September 2018. At December 31, 2017 there were no borrowings under this note.

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. The JPM Lender has agreed to loan SWK up to a principal amount of two million dollars. The interest rate on the JPM Revolving Demand Note shall be a variable rate, equal to the "Adjusted LIBOR Rate", plus two and one quarter percent (2.25%) per annum (4.65% at December 31, 2018). The JPM Revolving Demand Note is secured by all of SWK's assets pursuant to a Security Agreement. The line is also collateralized by substantially all of the assets of the Company. The JPM Revolving Demand Note expires August 31, 2019. At December 31, 2018 there were no borrowings under the JPM Revolving Note.

On May 6, 2014, SWK acquired certain assets of ESC, Inc. pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of $350,000 (the "ESC Note"). The ESC Note matures on April 1, 2019. Monthly payments are $6,135 including interest at 2% per year. At December 31, 2018 and December 31, 2017, the outstanding balance was $30,521 and $102,742, respectively.

On March 11, 2015, SWK acquired certain assets of 2000 SOFT, Inc. d/b/a Accounting Technology Resource (ATR) pursuant to an Asset Purchase Agreement for cash of $80,000 and a promissory note for $175,000 (the "ATR Note"). The ATR Note matured on February 1, 2018 and was paid off on that date. At December 31, 2017, the outstanding balance on the ATR Note was $14,987.

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 for $600,000 (the "PTI Note"). The PTI Note is due in 60 months from the closing date and bears interest at a rate of two and one half (2.5%) percent. Monthly payments including interest are $10,645. At December 31, 2018 and December 31, 2017, the outstanding balance on the PTI Note was $198,106 and $319,249, respectively.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6 – LINE OF CREDIT AND LONG TERM DEBT, RELATED PARTY(Continued)

On October 19, 2015, SWK acquired certain assets of Oates & Company, LLC (Oates) pursuant to an Asset Purchase Agreement for cash of $125,000 and a promissory note for $175,000 (the "Oates Note"). The Oates Note is due three years from the closing date and bears interest at a rate of two (2%) percent. At December 31, 2017 the outstanding balance on the Oates Note was $49,494. On March 31, 2018, the remaining balance on the Oates Note was offset against a related party receivable of $47,043.

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 for $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 (2%) percent. Monthly payments including interest are $17,528. The ISM Note has an optional conversion feature where the Holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, until payment in full of the ISM Note, all of the principal amount of the ISM Note, plus accrued interest, into shares (the "Conversion Shares") of the Company's Common Stock, ("Common Stock"), at a price equal to the average closing price of its Common Stock for the five (5) trading days immediately preceding the issuance date of the ISM Note (the "Fixed Conversion Price") which resulted in a $4.03 per share conversion based on the above formula. At December 31, 2018 the outstanding balance on the ISM Note was $904,436.

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

At December 31, 2018, future payments of promissory notes are as follows over each of the next five fiscal years:

2019	$	426,350
2020		351,005
2021		282,699
2022		288,405
2023		146,378
Total	$	1,494,837

NOTE 7 – CAPITAL LEASE OBLIGATIONS

The Company has entered into lease commitments for equipment that meet the requirements for capitalization. The equipment has been capitalized and is included in property and equipment in the accompanying consolidated balance sheets. The related obligations are based upon the present value of the future minimum lease payments with interest rates ranging from 0.005% to 9.0%.

At December 31, 2018, future payments under capital leases 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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
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NOTE 8 – EQUITY

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

On January 27, 2017 the Company issued 100 shares of stock each to 125 non-executive employees of SWK valued at $47,500 based on the current market price at issue date.

On April 24, 2017, the Company announced the payment of a $0.02 special cash dividend per share of Common Stock. The dividend payments were paid out on May 10, 2017 for an aggregate amount of $89,816, which was applied against additional paid in capital.

On November 15, 2017, the Company announced the payment of a $0.04 special cash dividend per share of Common Stock. The dividend payments were paid out on December 4, 2017 for an aggregate amount of $179,632, which was applied against additional paid in capital.

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 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.

On October 24, 2018, the Company cancelled an aggregate of 1,000 shares of stock previously issued on January 18, 2018 to ten (10) non-executive employees of SWK. This was in response to the Company's non-compliance with Nasdaq Listing Rule 5365(c). Upon cancellation of such shares, the company regained compliance.

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

Options

Total stock compensation recognized for the year ended December 31, 2018 and 2017 was $28,000 and $34,265, respectively.

A summary of the status of the Company's stock option plans for the fiscal years ended December 31, 2018 and 2017 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, 2017	143,576	$ 3.76	1.6 years	$ -0-
Options granted	-	-		
Options canceled/forfeited	(81,296)	$ 4.80		
Outstanding options at December 31, 2017	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-
Vested Options:				
December 31, 2018:	43,640	$ 3.70	0.9 years	$ -0-
December 31, 2017:	34,640	$ 3.61	1.8 years	$ -0-

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

As of December 31, 2018 the unamortized compensation expense for stock options was $28,203. Unamortized compensation expense is expected to be recognized over a weighted-average period of 1.6 years.

Warrants

On March 27, 2017 the Company granted 4,988 warrants with a fair value of approximately $19,923, which immediately vested, to John Schachtel as part of his compensation for agreeing to join the Board of Directors. The estimated fair value of the warrant has been calculated based on a Black-Scholes pricing model using the following assumptions: a) fair market value of stock of $4.00; b) exercise price of $4.01; c) Dividend yield of 0%; d) Risk free interest rate of 1.42%; e) expected volatility of 284.28%; f) Expected life of 5 years.

The following table summarizes the warrants transactions:

	Warrants Outstanding		Weighted Average Exercise Price	Average Remaining Contractual Term
Balance, January 1, 2017	203,253	$	5.29	3.2 years
Granted	4,988	$	4.01	5.0 years
Exercised	-	$	-	
Canceled	-	$	-	
Outstanding and Exercisable December 31, 2017	208,241	$	5.26	2.3 years
Granted	-	$	-	
Exercised	-	$	-	
Canceled	-	$	-	
Outstanding and Exercisable December 31, 2018	208,241	$	5.26	1.3 years

NOTE 9 – 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 for a promissory note in the aggregate principal amount of $1,000,000 (“ISM Note”) and a cash payment of $300,000. The ISM Note is due May 31, 2023 and bears an interest rate of 2% per year. The monthly payments including interest are $17,528. The ISM Note has an optional conversion feature where the Holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, until payment in full of the ISM Note, all of the principal amount of the ISM Note, plus accrued interest, into shares of the Company’s common stock at a price equal to $4.03. 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 summarized in the following table.

On May 31, 2018 SCS acquired certain assets of Nellnube, Inc. (“Nellnube”), a business application hosting company, pursuant to an Asset Purchase Agreement for a promissory note (“Nellnube Note”) in the aggregate principal amount of $400,000. The Nellnube Note is due on May 31, 2023 and bears an interest rate of 2% per year. The monthly payments including interest are $7,011. The Nellnube Note has an optional conversion feature where the Holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, until payment in full of the Nellnube Note, all of the principal amount of the Nellnube Note, plus accrued interest, into shares of the Company’s common stock at a price equal to $4.03. 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 summarized in the following table.

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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 9 – BUSINESS COMBINATION (Continued)

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

	ISM (Preliminary)	Measurement Period Adjustments	ISM Adjusted
Cash consideration	$ 300,000	$ -	$ 300,000
Note payable	1,000,000	-	1,000,000
Total purchase price	1,300,000	$ -	$ 1,300,000
Deposits and other assets	$ 7,235	$ -	$ 7,235
Property and equipment	170,000	-	170,000
Customer List	1,148,499	(398,000)	750,499
Goodwill	-	398,000	398,000
Total assets acquired	1,325,734	-	1,325,734
Capital lease obligations	(25,734)	-	(25,734)
Liabilities acquired	(25,734)	-	(25,734)
Net assets acquired	1,300,000	$ -	$ 1,300,000

	Nellnube (Preliminary)	Measurement Period Adjustments	Nellnube Adjusted
Cash consideration	$ -	$ -	$ -
Note payable	400,000	-	400,000
Total purchase price	400,000	$ -	$ 400,000
Property and equipment	$ 50,000	$ -	$ 50,000
Customer List	407,964	(86,000)	321,964
Goodwill	-	86,000	86,000
Total assets acquired	457,964	-	457,964
Capital lease obligations	(57,964)	-	(57,964)
Liabilities acquired	(57,964)		(57,964)
Net assets acquired	400,000	$ -	$ 400,000

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, 2017, nor is the financial information indicative of the results of future operations. The following table represents the unaudited consolidated pro forma results of operations for the year ended December 31, 2018 and 2017 as if the acquisition occurred on January 1, 2017. Operating expenses have been increased for the amortization expense associated with the estimated fair value adjustment as of December 31, 2018 of expected definite lived intangible assets and interest on the notes payable.

Pro Forma	Year Ended December 31, 2018	Year Ended December 31, 2017
Net revenues	$ 42,873,990	$ 39,434,229
Cost of revenues	24,800,487	23,022,917
Operating expenses	17,573,000	15,382,825
Income before taxes	500,503	1,028,487
Net income (loss)	$ 358,207	$ (410,286)
Basic and diluted income (loss) per common share	$ 0.08	$ (0.09)

NOTE 9 – BUSINESS COMBINATION (Continued)

The Company's consolidated financial statements for the year ended December 31, 2018 include the actual results of ISM and Nellnube since the date of acquisition, May 31, 2018.

For the year ending December 31, 2017, there is $93,348 of amortization and interest expense included in the ISM/Nellnube pro-forma. For the year ending December 31, 2018, there is $38,896 of amortization and interest expense included in the ISM/Nellnube pro-forma five months results.

For the year ended December 31, 2018, the ISM/Nellnube operations had a net income before taxes of $174,264 which represented seven months of operations that were included in the Company's Consolidated Statement of Income. This consisted of approximately $1,859,424 in revenues, $701,600 in cost of revenues, and $983,559 in operating expenses.

NOTE 10 – INCOME TAXES

The recognized deferred tax asset is based upon the expected utilization of its benefit from future taxable income. The Company has federal net operating loss ("NOL") carryforwards of approximately $6,532,000 as of December 31, 2018, 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. Significant components of the Company's deferred tax assets and liabilities are summarized as follows:

	December 31, 2018	December 31, 2017
Deferred tax assets:		
Net operating loss carry forwards	$ 1,734,577	$ 1,745,000
Long lived assets	265,478	285,000
Share based payments	13,000	13,000
Allowance for doubtful accounts	118,000	118,000
Other	15,000	15,000
Deferred tax asset	2,146,055	2,176,000
Deferred tax liabilities:		
Long lived assets	(220,000)	(179,000)
Deferred tax liabilities	(220,000)	(179,000)
Net deferred tax asset	1,926,055	1,997,000
Less: Valuation allowance	(634,000)	(634,000)
Net deferred tax asset	$ 1,292,055	1,363,000

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 10 – INCOME TAXES (Continued)

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 and is based on information that was available to management at the time the consolidated financial statements were prepared. This initial assessment is subject to adjustment in future periods for factors including the completion of federal and state tax returns for 2018 and finalization of gross deferred tax differences, future interpretive guidance expected to be issued by U.S. Treasury, future interpretive guidance issued by states regarding conformity with the Internal Revenue Code provisions as of December 31, 2018, ongoing IRS examinations and the additional time required to refine calculations.

For the year ended December 31, 2018, 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 change in federal statutory rate described above and Incentive Stock Options (ISO) and 50% of meals, 100% entertainment expense which are not tax deductible. The total provision for the year ended December 31, 2018 was $108,646.

For the year ended December 31, 2017, 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 change in federal statutory rate described above and Incentive Stock Options (ISO) and 50% of general meal and entertainment expense which are not tax deductible. The total provision for the year ended December 31, 2017 was $1,394,031.

A reconciliation of the statutory income tax rate to the effective rate is as follows for the period December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Federal income tax rate	21%	34%
State income tax, net of federal benefit	8%	10%
Permanent differences	-%	4%
Change in tax rates	-%	103%
Change in valuation allowance	-%	2%
Effective income tax rate	29%	153%

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
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DECEMBER 31, 2018 AND 2017

NOTE 10 – INCOME TAXES (Continued)

Income tax provision (benefit):

	Year Ended December 31, 2018	Year Ended December 31, 2017
Current:		
Federal	$ -	$ 183,546
State and local	37,701	158,583
Total current tax provision (benefit)	37,701	342,129
Deferred:		
Federal	63,850	1,159,502
State and local	7,095	(107,600)
Total deferred tax provision (benefit)	70,945	1,051,902
Total provision (benefit)	$ 108,646	1,394,031

NOTE 11 – RELATED PARTY TRANSACTIONS

The Company leases its North Syracuse office space from its former CFO, Crandall Melvin III which expired on May 31, 2018 and was subsequently extended for a three-year period. The monthly rent for this office space is $2,300. Total rent paid for 2018 and 2017 was $26,600 and $25,200 respectively under this lease.

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 paid for 2018 and 2017 was $15,915 and $37,358 respectively under this lease.

As of December 31, 2018, long term debt and contingent consideration are considered related party liabilities as holders are current employees of the Company, see Note 6, 9, and 12.

NOTE 12 – COMMITMENTS

Operating Leases

The Company leases office space in ten different locations with monthly payments from $582 to $10,044 which expire at various dates through April 2024.

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
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NOTE 12 – COMMITMENTS (Continued)

Total rent expense under these operating leases for the year ended December 31, 2018 and 2017 was $417,205 and $412,272, respectively.

The following is a schedule of approximate future minimum rental payments for operating leases subsequent to the year ended December 31, 2018.

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

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 Shareholders. 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 is obligated to 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 is obligated to pay 50% the first year, and 40%, 30% and 20% the three years after on the net margin on EASY Solution Maintenance, new software and 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 is obligated to pay 50% of the net margin of the sale after applicable costs and commissions for the three years period after the acquisition. The Company estimated this contingent consideration to be approximately $417,971 at acquisition. Certain payments were made in each of these contingent consideration components, resulting in a remaining balance of $22,548 as of December 31, 2018. The Company estimates that the contingent consideration will be fully paid by September 30, 2019.

Employment agreements

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

SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES
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NOTE 13 – SUBSEQUENT EVENTS

On January 2, 2019, the Company acquired certain assets of Partners in Technology, Inc ("PIT") pursuant to an Asset Purchase Agreement. In consideration for the acquired assets, the Company paid $60,000 in cash and a promissory note in the principal amount of $174,000 ("PIT Note").

On February 11, 2019, Crandall Melvin III retired and Christine Dye was appointed as Chief Financial Officer of SilverSun Technologies, Inc. and its subsidiaries. Ms. Dye will receive an annual salary of $220,000 and is eligible for a discretionary bonus of up to 10% of her annual salary.

On February 25, 2019, the Company signed a lease for 1,180 square feet of office space in Lisle, IL. The lease begins April 1, 2019 with a monthly rent of $1,942 escalating to $2,040 by the end of the lease term March 31, 2022.

On March 4, 2019, a derivative lawsuit was filed in the Delaware Court of Chancery, by a purported stockholder of the Company against the members of the Company's Board of Directors as of March 4, 2019 surrounding the Company's capital structure. The complaint has named the Company as a nominal defendant. There was no certain amount of monetary damages sought in the complaint. The plaintiff seeks equitable and injunctive relief, and any other money damages, and costs and disbursements, and such other relief deemed just and proper, including specifically legal fees. The Board and the Company believes this lawsuit to be completely without merit and plan to vigorously defend such lawsuit, in addition to asking for other costs and relief that may be appropriate.

Exhibit 21.1

SilverSun Technologies, Inc.	**List of Subsidiaries**	
SWK Technologies, Inc.	Delaware	100% Owned
Secure Cloud Services, Inc.	Nevada	100% Owned
Critical Cyber Defense Corp.	Nevada	100% Owned

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-K of SilverSun Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 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-K of SilverSun Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2019	By:	/s/ *Christine Dye*
		Christine Dye
		Principal Financial 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 Annual Report of SilverSun Technologies, Inc. (the "Company"), on Form 10-K for the period ended December 31, 2018, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Mark Meller, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Annual Report on Form 10-K for the period ended December 31, 2018, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Annual Report on Form 10-K for the period ended December 31, 2018, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 28, 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 Annual Report of SilverSun Technologies, Inc. (the “Company”), on Form 10-K for the period ended December 31, 2018, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Christine Dye, Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Annual Report on Form 10-K for the period ended December 31, 2018, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Annual Report on Form 10-K for the period ended December 31, 2018, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 28, 2019 By: *\/s\/ Christine Dye*

Christine Dye
Principal Financial Officer
SilverSun Technologies, Inc.