

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

**FORM 10-Q**

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

For the quarterly period ended: **September 30, 2021**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-38063**

**SILVERSUN TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**16-1633636**

(IRS Employer Identification No.)

**120 Eagle Rock Ave  
East Hanover, NJ 07936**

(Address of principal executive offices)

**(973) 396-1720**

(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

Emerging Growth Company

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

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

As of November 08, 2021, there were 5,136,177 shares outstanding of the registrant's common stock.

SILVERSUN TECHNOLOGIES, INC.

TABLE OF CONTENTS

	<u>Page No.</u>
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. <a href="#">Condensed Consolidated Financial Statements (unaudited):</a>	3
<a href="#">Condensed Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020</a>	3
<a href="#">Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2021 and 2020</a>	4
<a href="#">Condensed Consolidated Statements of Stockholders' Equity for the Three Months Ended September 30, 2021 and 2020</a>	5
<a href="#">Condensed Consolidated Statements of Stockholders' Equity for the Nine Months Ended September 30, 2021 and 2020</a>	6
<a href="#">Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2021 and 2020</a>	7
<a href="#">Notes to Condensed Consolidated Financial Statements</a>	9
Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	24
Item 3. <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	30
Item 4. <a href="#">Controls and Procedures</a>	30
<b>PART II. OTHER INFORMATION</b>	
Item 1. <a href="#">Legal Proceedings</a>	31
Item 1A. <a href="#">Risk Factors</a>	31
Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	31
Item 3. <a href="#">Defaults Upon Senior Securities</a>	31
Item 4. <a href="#">Mine Safety Disclosures</a>	31
Item 5. <a href="#">Other Information</a>	31
Item 6. <a href="#">Exhibits</a>	32

---

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 7,252,236	\$ 6,595,416
Accounts receivable, net of allowance of \$325,000 and \$375,000, respectively	1,629,577	1,580,242
Unbilled services	189,522	52,072
Prepaid expenses and other current assets	<u>729,790</u>	<u>400,820</u>
Total current assets	9,801,125	8,628,550
Property and equipment, net	676,378	523,040
Operating lease right-of-use assets	1,101,123	1,373,720
Intangible assets, net	3,563,953	3,126,336
Goodwill	1,011,952	1,011,952
Deferred tax assets	896,839	1,039,084
Deposits and other assets	<u>194,168</u>	<u>198,726</u>
Total assets	<u>\$ 17,245,538</u>	<u>\$ 15,901,408</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,381,482	\$ 1,875,115
Accrued expenses	1,562,079	1,330,786
Accrued interest	22,818	21,206
Income taxes payable	83,031	318,031
Long-term debt – current portion	415,419	262,301
Long-term convertible debt – current portion	-	282,699
Finance lease obligations – current portion	170,670	118,658
Operating lease liabilities – current portion	493,514	481,250
Deferred revenue	<u>2,300,190</u>	<u>2,039,241</u>
Total current liabilities	6,429,203	6,729,287
Long-term debt net of current portion	640,910	502,560
Long-term convertible debt net of current portion	-	434,783
Finance lease obligations net of current portion	174,120	62,316
Operating lease liabilities net of current portion	<u>607,609</u>	<u>892,470</u>
Total liabilities	<u>7,851,842</u>	<u>8,621,416</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized 1,000,000 shares		
Series A Preferred Stock, \$0.001 par value; authorized 2 shares, no shares issued and outstanding	-	-
Common stock, \$0.00001 par value; authorized 75,000,000 shares, 5,136,177 and 4,501,271 shares issued and outstanding, respectively	52	46
Additional paid-in capital	9,608,642	7,739,883
Accumulated deficit	<u>(214,998)</u>	<u>(459,937)</u>
Total stockholders' equity	<u>9,393,696</u>	<u>7,279,992</u>
Total liabilities and stockholders' equity	<u>\$ 17,245,538</u>	<u>\$ 15,901,408</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues:				
Software product, net	\$ 1,553,567	\$ 1,639,245	\$ 5,319,063	\$ 5,335,112
Service, net	8,556,087	8,519,907	25,899,268	24,576,507
Total revenues, net	<u>10,109,654</u>	<u>10,159,152</u>	<u>31,218,331</u>	<u>29,911,619</u>
Cost of revenues:				
Product	888,258	961,304	3,023,830	3,323,861
Service	5,282,088	5,145,857	15,237,976	14,744,954
Total cost of revenues	<u>6,170,346</u>	<u>6,107,161</u>	<u>18,261,806</u>	<u>18,068,815</u>
Gross profit	<u>3,939,308</u>	<u>4,051,991</u>	<u>12,956,525</u>	<u>11,842,804</u>
Selling, general and administrative expenses:				
Selling and marketing expenses	1,702,496	1,752,319	5,035,910	5,427,115
General and administrative expenses	2,251,467	2,026,477	6,779,662	6,133,865
Share-based compensation expenses	48,878	3,396	98,810	10,194
Depreciation and amortization expenses	226,765	179,057	635,264	528,636
Total selling, general and administrative expenses	<u>4,229,606</u>	<u>3,961,249</u>	<u>12,549,646</u>	<u>12,099,810</u>
(Loss) income from operations	<u>(290,298)</u>	<u>90,742</u>	<u>406,879</u>	<u>(257,006)</u>
Other (expense) income:				
Other income	-	1,758	-	13,169
Interest expense	(18,367)	(5,817)	(35,559)	(6,463)
Total other (expense) income	<u>(18,367)</u>	<u>(4,059)</u>	<u>(35,559)</u>	<u>6,706</u>
(Loss) income before taxes	<u>(308,665)</u>	<u>86,683</u>	<u>371,320</u>	<u>(250,300)</u>
(Benefit) provision for income taxes	<u>(68,636)</u>	<u>31,478</u>	<u>126,381</u>	<u>(46,904)</u>
Net (loss) income	<u>\$ (240,029)</u>	<u>\$ 55,205</u>	<u>\$ 244,939</u>	<u>\$ (203,396)</u>
Net (loss) per common share:				
Basic	<u>\$ (0.05)</u>	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ (0.05)</u>
Fully diluted	<u>\$ (0.05)</u>	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ (0.05)</u>
Weighted average shares:				
Basic	5,136,177	4,501,271	4,989,432	4,501,271
Diluted	5,136,177	4,696,820	4,991,631	4,501,271

See accompanying notes to the unaudited condensed consolidated financial statements.

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

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021**

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at July 1, 2021	-	\$ -	-	\$ -	5,126,629	\$ 52	\$ 12,565,034	\$ 25,031	\$ 12,590,117
Share-based compensation	-	-	-	-	-	-	48,878	-	48,878
Issuance of common stock from a public offering, net of expenses	-	-	-	-	9,548	-	76,436	-	76,436
Cash dividend	-	-	-	-	-	-	(3,081,706)	-	(3,081,706)
Net loss	-	-	-	-	-	-	-	(240,029)	(240,029)
Balance at September 30, 2021	-	\$ -	-	\$ -	5,136,177	\$ 52	\$ 9,608,642	\$ (214,998)	\$ 9,393,696

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020**

	Series A Preferred Stock		Series B Preferred Stock		Common Stock Class A		Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at July 1, 2020	-	\$ -	-	\$ -	4,501,271	\$ 46	\$ 9,536,996	\$ (894,185)	\$ 8,642,857
Share-based compensation	-	-	-	-	-	-	3,396	-	3,396
Net income	-	-	-	-	-	-	-	55,205	55,205
Balance at September 30, 2020	-	\$ -	-	\$ -	4,501,271	\$ 46	\$ 9,540,392	\$ (838,980)	\$ 8,701,458

See accompanying notes to the unaudited condensed consolidated financial statements.

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

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

	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, 2021	-	\$ -	-	\$ -	4,501,271	\$ 46	\$ 7,739,883	\$ (459,937)	\$ 7,279,992
Issuance of common stock in exchange for convertible debt	-	-	-	-	166,606	2	670,755	-	670,757
Issuance of common stock from a public offering, net of expenses	-	-	-	-	468,300	4	4,180,900	-	4,180,904
Cash dividend	-	-	-	-	-	-	(3,081,706)	-	(3,081,706)
Share-based compensation	-	-	-	-	-	-	98,810	-	98,810
Net income	-	-	-	-	-	-	-	244,939	244,939
Balance at September 30, 2021	-	\$ -	-	\$ -	5,136,177	\$ 52	\$ 9,608,642	\$ (214,998)	\$ 9,393,696

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

	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, 2020	-	\$ -	-	\$ -	4,501,271	\$ 46	\$ 9,530,198	\$ (635,584)	\$ 8,894,660
Share-based compensation	-	-	-	-	-	-	10,194	-	10,194
Net loss	-	-	-	-	-	-	-	(203,396)	(203,396)
Balance at September 30, 2020	-	\$ -	-	\$ -	4,501,271	\$ 46	\$ 9,540,392	\$ (838,980)	\$ 8,701,458

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ 244,939	\$ (203,396)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred income taxes	142,245	(393,454)
Depreciation and amortization	248,540	240,479
Amortization of intangibles	388,024	288,157
Amortization of right of use assets	272,597	361,199
Bad debt recovery	(50,000)	(486)
Share-based compensation	98,810	10,194
Changes in assets and liabilities:		
Accounts receivable	665	546,530
Unbilled services	(137,450)	(415,965)
Prepaid expenses and other current assets	(328,970)	141,257
Deposits and other assets	4,558	354
Accounts payable	(493,633)	(318,105)
Accrued expenses	231,293	220,574
Income tax payable	(235,000)	311,531
Accrued interest	1,612	561
Deferred revenues	161,011	(181,096)
Operating lease obligations	(272,597)	(361,199)
Net cash provided by operating activities	<u>276,644</u>	<u>247,135</u>
Cash flows from investing activities:		
Purchase of property and equipment	(119,129)	(97,995)
Acquisition of business	(145,703)	(185,000)
Escrow accounts receivable	-	1,150,000
Net cash (used in) provided by investing activities	<u>(264,832)</u>	<u>867,005</u>
Cash flows from financing activities:		
Payment of cash dividend	(3,081,706)	(2,250,636)
Proceeds from PPP loan	-	3,150,832
Payment of PPP loan	-	(3,150,832)
Proceeds from issuance of stock, net of expenses	4,180,904	-
Payment of long-term debt	(288,532)	(117,246)
Payment of long-term convertible debt	(46,725)	(207,309)
Payment of finance lease obligations	(118,933)	(124,755)
Net cash provided by (used in) financing activities	<u>645,008</u>	<u>(2,699,946)</u>
Net increase (decrease) in cash	656,820	(1,585,806)
Cash, beginning of period	<u>6,595,416</u>	<u>8,658,401</u>
Cash, end of period	<u>\$ 7,252,236</u>	<u>\$ 7,072,595</u>
Cash paid during period for:		
Interest	<u>\$ 38,437</u>	<u>\$ 29,567</u>
Income taxes	<u>\$ 219,136</u>	<u>\$ 35,019</u>

**SILVERSUN TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

For the nine months ended September 30, 2021:

On January 18, 2021, the Company incurred approximately \$90,007 in financial lease obligations for purchases of equipment.

In February 2021, ISM converted the outstanding balance of the ISM Note in the amount of \$479,110 into 119,004 shares of the Company's common stock. At September 30, 2021 and December 31, 2020, the outstanding balances on the ISM Note were \$- and \$512,487 respectively (see Note 6).

In February 2021, Nellnube converted the outstanding balance of the Nellnube Note in the amount of \$191,645 into 47,602 shares of the Company's common stock. At September 30, 2021 and December 31, 2020, the outstanding balances on the Nellnube Note were \$- and \$204,995 respectively (see Note 6).

On April 1, 2021, SWK acquired certain assets of CT-Solution, Inc. ("CTS") pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of \$130,000 (the "CTS Note"). The CTS Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum.

On May 1, 2021, SWK acquired certain assets of PeopleSense, Inc. ("PSI") pursuant to an Asset Purchase Agreement for cash of \$145,703, customer deposits related to prepaid time from clients in the amount of \$99,938, and the issuance of a promissory note in the aggregate principal amount of \$450,000 (the "PSI Note"). The PSI Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum.

The Company entered into an operating lease for equipment with Atmosera, Inc. Accordingly, operating lease right of use assets and operating lease liabilities were recognized in the amount of \$90,245.

The Company entered into an operating lease for equipment with Cologix USA, Inc. Accordingly, operating lease right of use assets and operating lease liabilities were recognized in the amount of \$18,412.

On June 18, 2021, the Company incurred approximately \$134,097 in financial lease obligations for purchases of equipment.

On August 4, 2021, the Company incurred approximately \$58,644 in financial lease obligations for purchases of equipment.

For the nine months ended September 30, 2020:

On January 23, 2020 the Company entered into an operating lease for equipment with VAR Technology Finance. Accordingly, operating lease right of use assets and operating lease liabilities were recognized in the amount of \$453,379.

On January 29, 2020 the Company entered into an operating lease in Greensboro, NC. Accordingly, operating lease right of use assets and operating lease liabilities were recognized in the amount of \$104,296.

On February 1, 2020 the Company entered into an operating lease in East Hanover, NJ. Accordingly, operating lease right of use assets and operating lease liabilities were recognized in the amount of \$349,987.

On July 1, 2020 the Company entered into an operating lease in Phoenix, Arizona. Accordingly, operating lease right of use assets and operating lease liabilities were recognized in the amount of \$103,451.

On July 31, 2020, the Company acquired certain assets of Prairie Technology Solutions Group, LLC ("Prairie Tech") pursuant to an Asset Purchase Agreement. In consideration for the acquired assets, the Company paid \$185,000 in cash and issued three promissory notes to Prairie Tech ("Prairie Tech Note 1", "Prairie Tech Note 2" and "Prairie Tech Note 3"), each in the principal aggregate amount of \$103,333 (collectively the "Prairie Tech Notes"). The Prairie Tech Notes bear interest at a rate of 4% per annum.

See accompanying notes to the unaudited condensed consolidated financial statements.



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

**NOTE 1 – DESCRIPTION OF BUSINESS**

SilverSun Technologies, Inc. (“SilverSun”) through our wholly owned subsidiaries SWK Technologies, Inc. (“SWK”), Secure Cloud Services, Inc. (“SCS”) and Critical Cyber Defense Corp. (“CCD”) (collectively the “Company”) is 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”), Human Capital Management (“HCM”), Warehouse Management Systems (“WMS”), Customer Relationship Management (“CRM”), and Business Intelligence (“BI”). Additionally, we have our own development staff building software solutions for time and billing, and various ERP enhancements. Our value-added services focus on consulting and professional services, specialized programming, training, and technical support. We have a dedicated network services practice that provides managed services, cybersecurity, application hosting, disaster recovery, business continuity, cloud and other services. Our customers are nationwide, with concentrations in the New York/New Jersey metropolitan area, Arizona, Southern California, North Carolina, Washington, Oregon and Illinois.

The Company is publicly traded and is listed and is traded on the NASDAQ Capital Market under the symbol “SSNT”.

The Company’s operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020, was declared a pandemic by the World Health Organization. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Company’s financial position, operations and cash flows. Possible areas that may be affected include, but are not limited to, disruption to the Company’s customers and revenue, labor workforce, inability of customers to pay outstanding accounts receivable due and owing to the Company as they limit or shut down their businesses, customers seeking relief or extended payment plans relating to accounts receivable due and owing to the Company, unavailability of products and supplies used in operations, and the decline in value of assets held by the Company, including property and equipment.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation and Principles of Consolidation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the financial position of the Company as of September 30, 2021, the results of operations for the three and nine months ended September 30, 2021 and 2020 and cash flows for the nine months ended September 30, 2021 and 2020. These results are not necessarily indicative of the results to be expected for the full year.

The financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) and consequently have been condensed and do not include all of the disclosures normally made in an Annual Report on Form 10-K. The December 31, 2020 balance sheet included herein was derived from the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K. Accordingly, the financial statements included herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the SEC on March 25, 2021.

The accompanying unaudited condensed consolidated financial statements include the accounts of SilverSun and its wholly-owned subsidiaries. These unaudited condensed 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 (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Goodwill

Goodwill is the excess of acquisition cost of an acquired entity over the fair value of the identifiable net assets acquired. Goodwill is not amortized but tested for impairment annually or whenever indicators of impairment exist. These indicators may include a significant change in the business climate, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of the business or other factors. No impairment losses were identified or recorded for the three and nine months ended September 30, 2021 and 2020.

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.

Business Combinations

We account for business combinations under the acquisition method of accounting. This method requires the recording of acquired assets and assumed liabilities at their acquisition date fair values. The excess of the purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Results of operations related to business combinations are included prospectively beginning with the date of acquisition and transaction costs related to business combinations are recorded within SG&A.

Definite Lived Intangible Assets and Long-lived Assets

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

The Company assesses potential impairment of its intangible assets and other long-lived assets when there is evidence that recent events or changes in circumstances have made recovery of an asset's carrying value unlikely. Factors the Company considers important, which may cause impairment include, among others, significant changes in the manner of use of the acquired asset, negative industry or economic trends, and significant underperformance relative to historical or projected operating results. No impairment losses were identified or recorded for the three and nine months ended September 30, 2021 and 2020.

Revenue Recognition

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

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 revenues.

Components of revenue:

	<b>For the Three Months Ending</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
Software revenue	\$ 1,553,567	\$ 1,639,245
Professional consulting	3,270,331	3,296,502
Maintenance revenue	1,685,278	1,972,913
Ancillary service revenue	3,600,478	3,250,492
	<u>\$ 10,109,654</u>	<u>\$ 10,159,152</u>

  

	<b>For the Nine Months Ending</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
Software revenue	\$ 5,319,063	\$ 5,335,112
Professional consulting	10,080,532	10,201,996
Maintenance revenue	5,204,731	5,263,838
Ancillary service revenue	10,614,005	9,110,673
	<u>\$ 31,218,331</u>	<u>\$ 29,911,619</u>

Unbilled Services

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

Deferred Revenues

Deferred revenues consist of maintenance on proprietary products (contract liabilities), customer telephone support services (contract liabilities) and deposits for future consulting services that will be earned as such services are performed over the contractual or stated period, which generally ranges from three to twelve months. As of September 30, 2021, there was \$685,271 in deferred maintenance and deferred support service revenues and \$1,614,919, in deposits for future consulting services. As of December 31, 2020, there was \$475,610 in deferred maintenance and deferred support services, and \$1,563,631 in deposits for future consulting services.

Commissions

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Value of Financial Instruments

The Company estimates that the fair value of all financial instruments at September 30, 2021 and December 31, 2020, as defined in Financial Accounting Standards Board (“FASB”) ASC 825 “Financial Instruments”, does not differ materially, except for the items discussed below, from the aggregate carrying values of its financial instruments recorded in the accompanying unaudited condensed consolidated balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value.

The carrying amounts reported in the unaudited condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020 for cash, accounts receivable, and accounts payable approximate the fair value because of the immediate or short-term maturity of these financial instruments. Each reporting period we evaluate market conditions including available interest rates, credit spreads relative to our credit rating and liquidity in estimating the fair value of our debt. After considering such market conditions, we estimate that the fair value of debt approximates its carrying value.

Leases

The Company accounts for its leases in accordance with ASC 842 Leases. The Company leases office space and equipment. The Company concludes on whether an arrangement is a lease at inception. This determination as to whether an arrangement contains a lease is based on an assessment as to whether a contract conveys the right to the Company to control the use of identified property, plant or equipment for period of time in exchange for consideration. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company recognizes these lease expenses on a straight-line basis over the lease term.

The Company has assessed its contracts and concluded that its leases consist of finance and operating leases. Operating leases are included in operating lease right-of-use (ROU) assets, current portion of operating lease liabilities, and operating lease liabilities in the Company’s unaudited condensed consolidated balance sheets.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, the Company determines an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate represents a significant judgment that is based on an analysis of the Company’s credit rating, country risk, treasury and corporate bond yields, as well as comparison to the Company’s borrowing rate on its most recent loan. The Company uses the implicit rate when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately.

Cash and Cash Equivalents

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

Concentrations

The Company maintains its cash with various institutions, which exceed federally insured limits throughout the year. At September 30, 2021 and December 31, 2020, the Company had cash on deposit of \$6,381,238 and \$5,900,593, respectively, in excess of the federally insured limits of \$250,000.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As of September 30, 2021, no one customer represented more than 10% of the total accounts receivable and unbilled services. As of December 31, 2020, no one customer represented more than 10% of the total accounts receivable and unbilled services.

For the nine months ended September 30, 2021 and 2020, the Company's top ten customers accounted for 10% (\$3,037,542) and 11% (\$3,157,125), respectively, of total revenues. The Company does not rely on any one specific customer for any significant portion of its revenue.

For the nine months ended September 30, 2021 and 2020, purchases from one supplier through a "channel partner" agreement were approximately 14% and 16% of cost of revenues, respectively. This channel partner agreement is for a one-year term and automatically renews for an additional one-year term on the anniversary of the agreements effective date.

As of September 30, 2021, one supplier represented approximately 15% of total accounts payable. For the year ended December 31, 2020 two suppliers represented approximately 39% of accounts payable.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable and cash. As of September 30, 2021, 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 several factors, including the length of time the amounts are past due, the Company's previous loss history and the customer's current ability to pay its obligations. Accounts are written off against the allowance when deemed uncollectable.

**Property and Equipment**

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

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in the unaudited condensed consolidated statements of 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 Company files income tax returns in the U.S. federal and state jurisdictions. Tax years 2017 to 2020 remain open to examination for both the U.S. federal and state jurisdictions.

There were no liabilities for uncertain tax positions at September 30, 2021 and December 31, 2020.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value Measurement**

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

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

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

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

The Company's goodwill, intangibles and lease obligations are measured at fair-value on a non-recurring basis using Level 3 inputs, as discussed in Notes 5 and 10.

**Stock-Based Compensation**

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

**Recently Adopted Authoritative Pronouncements**

In June 2016, the FASB issued ASU No. 2016-13 Financial Instruments -Credit Losses (Topic 326), Measurement of Credit Losses on Financial Statements. The amendment in this update replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses on instruments within its scope, including trade receivables. This was adopted on January 1, 2021 and did not have a significant impact on our financial position and results of operations.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes - simplifying the accounting for income taxes (Topic 740), which is meant to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740, Income Taxes. The amendment also improves consistent application and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. This was adopted on January 1, 2021 and did not have a significant impact on our financial position and results of operations.

**Recent Authoritative Pronouncements**

In August 2020, the FASB issued ASU 2020-06, Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40). The update simplifies the accounting for convertible debt instruments and convertible preferred stock by reducing the number of accounting models and limiting the number of embedded conversion features separately recognized from the primary contract. The guidance also includes targeted improvements to the disclosures for convertible instruments and earnings per share. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. The Company is evaluating the impact of the adoption on its consolidated financial statements.

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

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

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

The Company's basic income (loss) per common share is based on net income (loss) 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.

For the nine months ended September 30, 2021, the average market prices for the periods ended are less than the exercise price of all the outstanding stock options, therefore, the inclusion of the stock options would be anti-dilutive. For the three months ended September 30, 2021, common stock equivalents have been excluded from the computation since the effect of common stock equivalents is anti-dilutive with respect to the loss. For the nine months ended September 30, 2020, since the effect of common stock equivalents is anti-dilutive with respect to the loss, the convertible promissory notes have also been excluded from the Company's computation of net loss per common share. For the three months ended September 30, 2020 convertible promissory notes have been included in the Company's computation of income per common share. For the three and nine months ended September 30, 2021 since the convertible promissory notes have been converted into common stock, they have been excluded in the Company's computation of net income (loss) per common share.

	<b>Three Months Ended September 30, 2021</b>	<b>Three Months Ended September 30, 2020</b>
<b>Basic net (loss) income per share computation:</b>		
Net (loss) income	\$ (240,029)	\$ 55,205
Weighted-average common shares outstanding	5,136,177	4,501,271
Basic net (loss) income per share	\$ (0.05)	\$ 0.01
<b>Diluted net (loss) income per share computation:</b>		
Net (loss) income per above	\$ (240,029)	\$ 55,205
Interest on convertible debt	-	4,168
Net (loss) income	(240,029)	59,373
Weighted-average common shares outstanding	5,136,177	4,501,271
Incremental shares for warrants and convertible promissory notes	-	195,549
Total adjusted weighted-average shares	5,136,177	4,696,820
Diluted net (loss) income per share	\$ (0.05)	\$ 0.01

	<b>Nine Months Ended September 30, 2021</b>	<b>Nine Months Ended September 30, 2020</b>
<b>Basic net income (loss):</b>		
Net income (loss)	\$ 244,939	\$ (203,396)
Weighted-average common shares outstanding	4,989,432	4,501,271
Basic net income (loss) per share	\$ 0.05	\$ (0.05)
<b>Diluted net income (loss):</b>		
Net income (loss) per above	\$ 244,939	\$ (203,396)
Net income (loss)	244,939	(203,396)
Weighted-average common shares outstanding	4,989,432	4,501,271
Incremental shares for warrants	2,199	-
Total adjusted weighted-average shares	4,991,631	4,501,271
Diluted net income (loss) per share	\$ 0.05	\$ (0.05)

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

	<b>Three Months September 30, 2021</b>	<b>Three Months September 30, 2020</b>
Stock options	96,990	-
Warrants	2,578	4,988
Total potential dilutive securities not included in (loss) income per share	99,568	4,988

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

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

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

	Nine Months September 30, 2021	Nine Months September 30, 2020
Stock options	96,990	-
Warrants	-	4,988
Convertible promissory notes	-	195,549
<b>Total potential dilutive securities not included in income (loss) per share</b>	<b>96,990</b>	<b>200,537</b>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment is summarized as follows:

	September 30, 2021	December 31, 2020
Leasehold improvements	\$ 165,701	\$ 165,701
Equipment, furniture and fixtures	3,302,130	2,900,252
	3,467,831	3,065,953
Less: Accumulated depreciation and amortization	(2,791,453)	(2,542,913)
<b>Property and equipment, net</b>	<b>\$ 676,378</b>	<b>\$ 523,040</b>

Depreciation and amortization expense related to these assets was \$90,921 and \$248,540, respectively, for the three and nine months ended September 30, 2021 as compared to \$74,846 and \$240,479 for the three and nine months ended September 30, 2020.

**NOTE 5 – INTANGIBLE ASSETS**

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

The components of intangible assets are as follows:

	September 30, 2021	December 31, 2020	Estimated Useful Lives
Proprietary developed software	\$ 390,082	\$ 390,082	5 –7
Intellectual property, customer list, and acquired contracts	6,166,253	5,340,612	5 –15
<b>Total intangible assets</b>	<b>\$ 6,556,335</b>	<b>\$ 5,730,694</b>	
Less: accumulated amortization	(2,992,382)	(2,604,358)	
	<b>\$ 3,563,953</b>	<b>\$ 3,126,336</b>	

Amortization expense related to the above intangible assets for the three and nine months ended September 30, 2021 was \$32,285 and \$388,024, respectively, as compared to \$104,211 and \$288,157 for the three and nine months ended September 30, 2020.

The Company expects future amortization expense to be the following:

	Amortization
Remainder of 2021	\$ 136,282
2022	492,427
2023	429,314
2024	429,314
2025	422,457
2026	407,875
Thereafter	1,246,284
<b>Total</b>	<b>\$ 3,563,953</b>



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

**NOTE 6 – CONVERTIBLE DEBT AND LONG-TERM DEBT, RELATED PARTY AND PPP LOAN**

On May 31, 2018, SWK acquired certain assets of Info Sys Management, Inc. (“ISM”) pursuant to an Asset Purchase Agreement for cash of \$300,000 and a promissory note issued in the aggregate principal amount of \$1,000,000 (the “ISM Note”). The ISM Note is due five years from the closing date and bears interest at a rate of two percent (2%) per annum. Monthly payments including interest are \$17,528. The ISM Note has an optional conversion feature whereby the holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, until payment in full of the ISM Note, all of the outstanding principal amount of the ISM Note, plus accrued interest, into shares (the “Conversion Shares”) of the Company’s Common Stock, (“Common Stock”) at per share price equal to \$4.03, a price equal to the average closing price of its Common Stock for the five (5) trading days immediately preceding the issuance date of the ISM Note (the “Fixed Conversion Price”). In February 2021, ISM converted the outstanding balance of the ISM Note in the amount of \$479,111 into 119,004 shares of the Company’s common stock. At September 30, 2021 and December 31, 2020, the outstanding balances on the ISM Note were \$-0- and \$512,487, respectively.

On May 31, 2018, Secure Cloud Services acquired certain assets of Nellnube, Inc. (“Nellnube”) pursuant to an Asset Purchase Agreement for a promissory note issued in the aggregate principal amount of \$400,000 (the “Nellnube Note”). The Nellnube Note is due five years from the closing date and bears interest at a rate of two percent (2%) per annum. Monthly payments including interest are \$7,011. The Nellnube Note has an optional conversion feature whereby the holder may, at its sole and exclusive option, elect to convert, at any time and from time to time, all of the outstanding principal amount of the Nellnube Note, plus accrued interest, into shares (the “Conversion Shares”) of the Company’s Common Stock, (“Common Stock”) at per share price equal to \$4.03 (the “Fixed Conversion Price”). In February 2021, Nellnube converted the outstanding balance of the Nellnube Note loan in the amount of \$191,645 into 47,602 shares of the Company’s common stock. At September 30, 2021 and December 31, 2020, the outstanding balances on the Nellnube Note were \$-0- and \$204,995, respectively.

On January 1, 2019, SWK acquired certain assets of Partners in Technology, Inc. (“PIT”) pursuant to an Asset Purchase Agreement for cash of \$60,000 and the issuance of a promissory note in the aggregate principal amount of \$174,000 (the “PIT Note”). The PIT Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$4,984. At September 30, 2021 and December 31, 2020, the outstanding balances on the PIT Note were \$19,852 and \$64,040, respectively.

On July 31, 2020, the Company acquired certain assets of Prairie Technology Solutions Group, LLC (“Prairie Tech”) pursuant to an Asset Purchase Agreement. In consideration for the acquired assets, the Company paid \$185,000 in cash and issued three promissory notes to Prairie Tech (“Prairie Tech Note 1”, “Prairie Tech Note 2” and “Prairie Tech Note 3”), each in the principal aggregate amount of \$103,333 (collectively the “Prairie Tech Notes”). The Prairie Tech Notes bear interest at a rate of 4% per annum. Prairie Tech Note 1 has a term of one (1) year and is subject to downward adjustment based on whether certain revenue milestones are achieved. In July 2021, the Company waived its rights to any downward adjustments on these notes, and agreed to pay the full face amount, plus interest, on those notes on the date of maturity. Prairie Tech Note 2 has a term of two (2) years and is also subject to downward adjustment based on whether certain revenue milestones are achieved. Prairie Tech Note 3 has a term of three (3) years and is not subject to a downward adjustment. At September 30, 2021 and December 31, 2020, the outstanding balances on the PT Notes were \$206,667 and \$310,000, respectively. On July 31, 2021, the Company paid Note 1 and accrued interest in the amount of \$107,543.

On October 1, 2020, SWK acquired certain assets of Computer Management Services, LLC, (“CMS”) pursuant to an Asset Purchase Agreement for cash of \$410, clients’ deposits related to technical support in the amount of \$50,115, prepaid time from clients in the amount of \$67,073, and the issuance of a promissory note in the aggregate principal amount of \$170,000 (the “CMS Note”) for a total of \$287,598. The CMS Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$4,869. At September 30, 2021 and December 31, 2020, the outstanding balances on the CMS Note were \$119,133 and \$160,821, respectively.

On December 1, 2020, SWK acquired certain assets of Business Software Solutions (“BSS”) pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of \$230,000 (the “BSS Note”). The BSS Note is due in 60 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$4,031. At September 30, 2021 and December 31, 2020, the outstanding balances on the BSS Note were \$196,948 and \$230,000, respectively.

On April 1, 2021, SWK acquired certain assets of CT-Solution, Inc. (“CTS”) pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of \$130,000 (the “CTS Note”). The CTS Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$3,724. At September 30, 2021, the outstanding balance on the CTS Note was \$12,407.

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

**NOTE 6 – CONVERTIBLE DEBT AND LONG-TERM DEBT, RELATED PARTY AND PPP LOAN (continued)**

On May 1, 2021, SWK acquired certain assets of PeopleSense, Inc. (“PSI”) pursuant to an Asset Purchase Agreement for cash of \$145,703, customer deposits related to prepaid time from clients in the amount of \$99,938, and the issuance of a promissory note in the aggregate principal amount of \$450,000 (the “PSI Note”). The PSI Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$12,889. At September 30, 2021, the outstanding balance on the CTS Note was \$401,322.

Total convertible debt and long-term debt balances at September 30, 2021 and December 31, 2020 were \$1,056,329 and \$1,482,343, respectively, of which \$415,419 and \$545,000 was classified as current portion at September 30, 2021 and December 31, 2020, respectively.

At September 30, 2021, future payments of long-term debt are as follows:

Remainder of 2021	\$	87,389
2022		402,005
2023		393,211
2024		125,875
2025		47,849
Total	\$	<u>1,056,329</u>

SWK entered into a promissory note (the “Note”) with JPMorgan Chase Bank, N.A. (the “Lender”), in the principal aggregate amount of \$1,150,832 (the “PPP Loan”) pursuant to the Paycheck Protection Program (“PPP”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). At the time SWK applied for the PPP Loan, we believed that it qualified to receive funds pursuant to the then published PPP qualification and certification requirements. On April 23, 2020, the SBA, in consultation with the Department of Treasury, issued new guidance that creates uncertainty regarding the qualification requirements for a PPP Loan (the “New Guidance”). Out of an abundance of caution and in light of the New Guidance, SWK determined to pay off the entire amount of the PPP Loan. Accordingly, the PPP Loan was paid in full to the Lender on May 18, 2020, resulting in the full satisfaction of the Note. Under the terms of the PPP Loan, SWK had the right to repay the Note without penalty.

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

	September 30, 2021	December 31, 2020
Weighted average remaining lease term	2.13	1.31
Weighted average interest rate	6.8%	5.6%

At September 30, 2021 future payments under finance leases are as follows:

	September 30, 2021
Remainder of 2021	\$ 57,144
2022	162,382
2023	111,438
2024	42,156
Total minimum lease payments	<u>373,120</u>
Less amounts representing interest	<u>(28,330)</u>
Present value of net minimum lease payments	344,790
Less current portion	<u>(170,670)</u>
Long-term finance lease obligation	<u>\$ 174,120</u>

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

**NOTE 8 – OPERATING LEASE LIABILITY**

The Company leases office space in ten different locations with monthly payments ranging from \$655 to \$9,617 which expire at various dates through March 2025. The Company also leases equipment with a monthly payment of \$10,279 which expires February 2024.

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

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of September 30, 2021 are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Weighted average remaining lease term	2.65	2.93
Weighted average discount rate	4.77%	4.77%

The following table reconciles the undiscounted future minimum lease payments (displayed by year and in the aggregate) under noncancelable operating leases with terms of more than one year to the total lease liabilities recognized on the unaudited condensed consolidated balance sheet as of September 30, 2021:

Remainder 2021	\$	148,553
2022		499,849
2023		356,844
2024		141,457
2025		<u>20,510</u>
Total undiscounted future minimum lease payments		1,167,213
Less: Difference between undiscounted lease payments and discounted lease liabilities		<u>(66,090)</u>
Total operating lease liabilities		1,101,123
Less current portion		<u>(493,514)</u>
Long-term operating lease liabilities	\$	<u>607,609</u>

Total rent expense under for the three and nine months ended September 30, 2021 was \$125,635 and \$444,858, respectively, as compared to \$134,147 and \$397,416 for the three and nine months ended September 30, 2020, respectively.

**NOTE 9 – EQUITY**EquityCommon Stock At-The-Market Sales Program

On October 1, 2020, the Company entered into an At Market Issuance Sales Agreement (the "2020 At Market Agreement") with a H.C. Wainwright & Co. (the "Sales Agent") under which the Company may issue and sell shares of its common stock having an aggregate offering price of up to \$3,489,499 from time to time through the Sales Agent. Sales of the Company's common stock through the Sales Agent, if any, will be made by any method that is deemed an "at the market" offering as defined by the U.S. Securities and Exchange Commission. The Company will pay to the Sales Agent a commission rate equal to 3.0% of the gross proceeds from the sale of any shares of common stock sold through the Sales Agent under the 2020 At Market Agreement.

Shares of common stock sold under the 2020 At Market Agreement were made pursuant to the Company's Registration Statement on Form S-3 (File No. 333-249238), filed with the Securities and Exchange Commission (the "SEC") on October 2, 2020, as amended, and declared effective on October 23, 2020 (the "2020 Registration Statement"), and the prospectus included in the 2020 Registration Statement. In February 2021, 393,300 shares of Common Stock were issued and sold generating \$3,382,352, excluding legal expenses. No shares remain eligible for sale under the 2020 At Market Agreement.

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

**NOTE 9 – EQUITY (Continued)**Equity (continued)

In April 2021, the Company entered into an At Market Issuance Sales Agreement (the “2021 At Market Agreement”) with H.C. Wainwright & Co. (the “Sales Agent”) under which the Company may issue and sell shares of its common stock having an aggregate offering price of up to \$3,308,842 from time to time through the Sales Agent. Sales of the Company’s common stock through the Sales Agent, if any, will be made by any method that is deemed an “at the market” offering as defined by the SEC. The Company will pay to the Sales Agent a commission rate equal to 3.0% of the gross proceeds from the sale of any shares of common stock sold through the Sales Agent under the 2021 At Market Agreement.

Shares of common stock sold under the 2021 At Market Agreement are made pursuant to the Company’s Registration Statement on Form S-3 (File No. 333-249238), filed with the Securities and Exchange Commission (the “SEC”) on October 2, 2020, as amended, and declared effective on October 23, 2020 (the “2020 Registration Statement”), the prospectus included in the 2020 Registration Statement and the related prospectus supplement dated February 26, 2021. In June 2021, 65,452 shares of Common Stock were issued and sold generating \$722,116, excluding legal expenses. In July 2021, an additional 9,548 shares of Common Stock were issued and sold generating \$76,436, net of legal expenses.

On June 21, 2021, the Company announced the payment of a \$0.60 special cash dividend per share of Common Stock to shareholders of record July 9, 2021. The dividend was paid on July 16, 2021 in the amount of \$3,081,706.

Conversion of Convertible Debt

In February 2021, ISM converted the outstanding balance of the loan in the amount of \$479,110 into 119,004 shares of the Company’s common stock (see Note 6).

In February 2021, Nellnube converted the outstanding balance of the loan in the amount of \$191,645 into 47,602 shares of the Company’s common stock (see Note 6).

Stock Repurchase Program

On October 10, 2019, the Company’s Board of Directors authorized a new stock repurchase program, under which the Company may repurchase up to \$2 million of its outstanding common stock. Under this new stock repurchase program, the Company may repurchase shares in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The extent to which the Company repurchases its shares, and the timing of such repurchases, will depend upon a variety of factors, including market conditions, regulatory requirements, and other corporate considerations, as determined by the Company’s management. The repurchase program may be extended, suspended, or discontinued at any time. The Company expects to finance the program from existing cash resources. As of September 30, 2021, no repurchases have been made.

Stock Options

The Company adopted the 2019 Equity and Incentive Plan (the “2019 Plan”) to order provide long-term incentives for employees and non-employees to contribute to the growth of the Company and attain specific performance goals.

The fair value of each option awarded is estimated on the date of grant using the Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatilities are based on historical volatility of Common Stock. The expected life of the options granted represents the period of time from date of grant to expiration. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant. On March 29, 2021, 99,990 stock options were granted with an exercise price of \$6.53 per option and have a five-year term with a two-year vesting period at 50% per annum. During the period ended September 30, 2021, 3,000 stock options were forfeited at an exercise price of \$6.53. The fair value of stock options granted was \$4.888 per option on the date of grant using the Black Scholes option-pricing model with the following assumptions:

<u>Dividend Yield</u>	<u>Risk-free Interest Rate</u>	<u>Volatility</u>	<u>Life</u>
0.00 %	0.89 %	101.36 %	5 years

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

**NOTE 9 – EQUITY Continued)**Stock Options (continued)

For the three and nine months ended September 30, 2021, the Company recorded share-based compensation expense of \$48,878 and \$98,810, respectively, as compared to \$3,396 and \$10,194 for the three and nine months ended September 30, 2020.

As of September 30, 2021 and December 31, 2020, the unamortized compensation expense for stock options was \$83,428 and \$-0-, respectively. Unamortized compensation expense is expected to be recognized over a weighted-average period of 1.5 years.

**NOTE 10 – BUSINESS COMBINATIONS**

On December 1, 2020, SWK acquired certain assets of Business Software Solutions (“BSS”) pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of \$230,000 (the “BSS Note”). The BSS Note is due in 60 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$4,031. The purchase price has been allocated to customer list with an estimated life of fifteen years. At September 30, 2021 and December 31, 2020, the outstanding balances on the BSS Note were \$196,948 and \$230,000, respectively.

On April 1, 2021, SWK acquired certain assets of CT-Solution, Inc. (“CTS”) pursuant to an Asset Purchase Agreement for a promissory note in the aggregate principal amount of \$130,000 (the “CTS Note”). The CTS Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$3,724. The purchase price has been allocated to customer list with an estimated life of fifteen years. At September 30, 2021, the outstanding balance on the CTS Note was \$112,407.

On May 1, 2021, SWK acquired certain assets of PeopleSense, Inc. (“PSI”) pursuant to an Asset Purchase Agreement for cash of \$145,703, customer deposits related to prepaid time from clients in the amount of \$99,938, and the issuance of a promissory note in the aggregate principal amount of \$450,000 (the “PSI Note”). The PSI Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$12,889. At September 30, 2021, the outstanding balance on the PSI Note was \$401,322.

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

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

	<u>Prairie Tech</u>	<u>CMS</u>	<u>BSS</u>	<u>CTS</u>	<u>PSI (Preliminary)</u>
Cash consideration	\$ 185,000	\$ 410	\$ -	\$ -	\$ 145,703
Note payable	310,000	170,000	230,000	130,000	450,000
Total purchase price	<u>\$ 495,000</u>	<u>\$ 170,410</u>	<u>\$ 230,000</u>	<u>\$ 130,000</u>	<u>\$ 595,703</u>
Deposits and other assets	\$ 32,896	\$ -	\$ -	\$ -	\$ -
Customer list	406,000	274,115	230,000	130,000	695,641
Operating lease right-of-use assets	64,863	-	-	-	-
Goodwill	107,852	13,000	-	-	-
Total assets acquired	<u>611,611</u>	<u>287,115</u>	<u>230,000</u>	<u>130,000</u>	<u>695,641</u>
Deferred revenue	(51,748)	(111,705)	-	-	(99,938)
Contingent liability	-	(5,000)	-	-	-
Operating lease liability	(64,863)	-	-	-	-
Net assets acquired	<u>\$ 495,000</u>	<u>\$ 170,410</u>	<u>\$ 230,000</u>	<u>\$ 130,000</u>	<u>\$ 595,703</u>

The purchase of PSI was initially allocated, based on the Company’s estimate of fair value, to intangible assets, which are expected to consist primarily of customers lists with an estimated life of seven years. Upon completion of an independent valuation, the allocation of the purchase price to customer lists will be modified with the excess purchase consideration being allocated to goodwill.

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

**NOTE 10 – BUSINESS COMBINATIONS (continued)**

The following unaudited pro forma information does not purport to present what the Company’s actual results would have been had the acquisitions of Prairie Technology Solutions Group, LLS (“PT”), acquired July 31, 2020, Computer Management Services, LLC (CMS”), acquired October 1, 2020, Business Software Solutions (“BSS”), acquired December 1, 2020, CT-Solution, Inc. (“CTS”), acquired April 1, 2021, and PeopleSense, Inc. (“PSI), acquired May 1, 2021, occurred on January 1, 2020, nor is the financial information indicative of the results of future operations. The following table represents the unaudited condensed consolidated pro forma results of operations for the three and nine months ended September 30, 2020 as if the acquisitions occurred on January 1, 2020. For the three and nine months ended September 30, 2020, operating expenses have been increased for the amortization expense of expected definite lived intangible assets and interest on the notes payable.

<b>Pro Forma</b>	<b>Three Months Ended September 30, 2020</b>	
Net revenues	\$	10,793,456
Cost of revenues		6,352,929
Operating expenses		4,320,048
Income (loss) before taxes		116,420
Net income (loss)		79,629
Basic and diluted income (loss) per common share	\$	0.02

  

<b>Pro Forma</b>	<b>Nine Months Ended September 30, 2021</b>	<b>Nine Months Ended September 30, 2020</b>
Net revenues	\$ 31,542,459	\$ 32,195,243
Cost of revenues	18,286,990	18,720,902
Operating expenses	12,750,648	13,438,332
Income (loss) before taxes	504,821	42,715
Net income (loss)	342,881	81,647
Basic and diluted income (loss) per common share	\$ 0.07	\$ 0.02

The Company’s unaudited condensed consolidated financial statements for the three months ended September 30, 2021 include the actual results of PT, CMS, BSS CTS and PSI.

For the nine months ended September 30, 2021 pro-forma results above include six months of results of CTS and five months of PSI. For the nine months ended September 30, 2021, \$4,644 of estimated amortization expense and \$606 of estimated interest expense is included in the pro-forma results for CTS and \$33,126 of estimated amortization and \$2,797 of estimated interest expense included for PSI in the pro-forma results.

For the three months ended September 30, 2020, there is \$10,149 of estimated amortization expense and \$979 of estimated interest expense included in the pro-forma results for PT, \$6,864 of estimated amortization expense and \$5,457,of estimated interest expense included in the pro-forma results for CMS, \$8,214 of estimated amortization expense and \$1,105,of estimated interest expense included in the pro-forma results for BSS, \$4,644 of estimated amortization expense and \$606 of estimated interest expense is included in the pro-forma results for CTS, and \$24,844 of estimated amortization expense and \$1,822 of estimated interest expense is included in the pro-forma results for PSI.

For the nine months ended September 30, 2020, there is \$30,447 of estimated amortization expense and \$7,231 of estimated interest expense included in the pro-forma results for PT, \$20,592 of estimated amortization expense and \$16,577,of estimated interest expense included in the pro-forma results for CMS, \$24,642 of estimated amortization expense and \$3,314 of estimated interest expense included in the pro-forma results for BSS, \$13,932 of estimated amortization expense and \$1,818 of estimated interest expense is included in the pro-forma results for CTS, and \$74,533 of estimated amortization expense and \$6,018 of estimated interest expense is included in the pro-forma results for PSI.

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

**NOTE 11 – INCOME TAXES**

FASB ASC 740-10, “Accounting for Uncertainty in Income Taxes” (“ASC 740-10”) prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company has analyzed filing positions in all of the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Company does not have any unrecognized tax benefits.

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 \$5,400,000 as of September 30, 2021, which is subject to limitations under Section 382 of the Internal Revenue Code. These carryforward losses are available to offset future taxable income and a portion begin to expire in the year 2024 to 2033.

The tax effect of temporary differences, primarily net operating loss carryforwards, asset reserves and depreciation, gave rise to the Company’s deferred tax asset. Deferred income taxes are recognized for the tax consequence of such temporary differences at the enacted tax rate expected to be in effect when the differences reverse. The Company had approximately \$897,000 and \$1.04 million in deferred tax assets at September 30, 2021 and December 31, 2020, respectively.

For the nine months ended September 30, 2021, the Company’s Federal and State provision requirements were calculated based on the estimated tax rate. For the nine months ended September 30, 2021, the Company recorded a tax provision of \$126,381 as compared to a tax benefit from the net loss before taxes for the nine months ended September 30, 2020 in the amount of \$46,904.

**NOTE 12 – RELATED PARTY TRANSACTIONS**

As of December 31, 2020, long-term convertible debt issued in conjunction with various acquisitions are considered related party liabilities as holders are current employees of the Company, see Note 6. In February 2021, the outstanding balances of the loans were converted into common stock of the Company. As of September 30, 2021 and December 31, 2020, the outstanding balance for the long-term convertible debt was \$-0- and \$717,482, respectively.

At September 30, 2021 and December 31, 2020, certain long-term debt is considered related party liabilities holders, including Prairie, Tech, Partners in Technology, Nellnube and ISM. are current employees of the Company. As of September 30, 2021 and December 31, 2020, the outstanding balances of this debt were \$226,519 and \$374,039, respectively.

**NOTE 13 – SUBSEQUENT EVENTS**

On October 14, 2021 71,630 stock options were granted to directors and officers at an exercise price of \$.90 per option, the closing price on October 14, 2021, and have a five-year term and are vested at time of grant.

On November 5, 2021, the Company’s Board of Directors approved a five-year extension through September of 2028 of the employment agreement with Mark Meller, the Company’s Chief Executive Officer and President under the same terms and conditions.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

This quarterly report on Form 10-Q and other reports filed by SilverSun Technologies, Inc. and its wholly owned subsidiaries, SWK Technologies, Inc., Secure Cloud Services, Inc., and Critical Cyber Defense Corp. (collectively the “Company”, “we”, “our”, and “us”) from time to time with the U.S. Securities and Exchange Commission (the “SEC”) contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company’s management as well as estimates and assumptions made by Company’s management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words “anticipate,” “believe,” “estimate,” “expect,” “future,” “intend,” “plan,” or the negative of these terms and similar expressions as they relate to the Company or the Company’s management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks contained in the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020, relating to the Company’s industry, the Company’s operations and results of operations, and any businesses that the Company may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

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

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

### **Overview**

The Company is engaged in providing transformational business management applications and technologies 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 cloud-based products, services, recurring revenue, customer retention and on rapidly increasing the size of our installed customer base. The growth of our customer base is accomplished via both our traditional marketing programs and 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 digitally 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 or services 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.

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”), Human Capital Management (“HCM”), Warehouse Management Systems (“WMS”), Customer Relationship Management (“CRM”), and Business Intelligence (“BI”). Additionally, we have our own development staff building software solutions for various ERP enhancements. Our value-added services focus on consulting and professional services, specialized programming, training, and technical support. We have a dedicated Information Technology (“IT”) network services practice that provides managed services, Infrastructure-as-a-Service, cybersecurity, application hosting, disaster recovery, business continuity, cloud and other services. Our customers are nationwide, with concentrations in the New York/New Jersey metropolitan area, Arizona, Southern California, North Carolina, Washington, Oregon and Illinois.



**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued).**

Our core business is divided into the following practice areas:

*ERP (Enterprise Resource Management) and Accounting Software*

We are a value-added reseller for a number of industry-leading ERP applications. We are a Sage Software Authorized Business Partner and Sage Certified Gold Development Partner. We believe we are among the largest Sage partners in North America, with a sales and implementation presence complemented by a scalable software development practice for customizations and enhancements. Due to the growing demand for cloud-based ERP solutions, we also have in our ERP portfolio Acumatica, a browser-based ERP solution that can be offered on premise, in the public cloud, or in a private cloud. We have recently added Sage Intacct, a cloud-based solution for core financials to our offerings of cloud-based solutions. 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 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 manage their business and 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.

*IT Managed Network Services and Business Consulting*

We provide IT managed services, Infrastructure-as-a-Service, 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.

*Cybersecurity*

We provide enterprise level security services to the mid-market. Our cybersecurity-as-a-service offering includes a security operations center, incident response, cybersecurity assessments, and hacking simulations. The service is particularly well-suited for customers in compliance-driven and regulated industries, including financial services, pension administration, insurance, and the land and title sector.

*Application Hosting*

Application hosting is a type of SaaS (Software-as-a-Service) hosting solution that allows applications to be available from a remote cloud infrastructure and to be accessed by users through the internet.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued).**

**Results of Operations for the Three and Nine Months Ended September 30, 2021 and 2020.**

During the nine months ended September 30, 2021 the Company continued to expand its customer base, which we believe provides a basis for future growth, as revenues increased 4.4% as compared to the same nine-month period in the prior year. The Company continues to monitor the Covid-19 situation as it pertains to the disruption of our business and that of some of our customers and growth in future quarters and will take steps, if necessary, to establish mitigation strategies to try and minimize risk of any potential downturn for shareholders as well the health, safety and wellbeing of its employees and customers. The Company's strategies are focused on assisting our customers in their digital transformation in this new environment. We believe the new "work from home environment" (workforce of the future), coupled with the continued rise of E-Commerce and security and compliance could help drive our future revenues.

*Revenues*

For the three months ended September 30, 2021, revenues decreased \$49,498 (0.5%) to \$10,109,654 as compared to \$10,159,152 for the three ended September 30, 2020. This decrease is mostly attributed to a decrease in software sales, offset partially by an increase recurring and service revenues. The decrease in sales is also partially attributed to delays in business from certain customers due to supply-chain issues that have temporarily created cash flow issues within their businesses.

For the nine months ended September 30, 2021, revenues increased \$1,306,712 (4.4%) to \$31,218,331 as compared to \$29,911,619 for the nine months ended September 30, 2020. The increase is mostly attributed to the increase in recurring and service revenues.

Software sales decreased \$85,678 (5.2%) to \$1,553,567 for the three months ended September 30, 2021 as compared to \$1,639,245 for the three months ended September 30, 2020 primarily due to the timing of orders. For the nine months ended September 30, 2021, software sales decreased \$16,049 (0.3%) to \$5,319,063 as compared to \$5,335,112 for the nine months ended September 30, 2020, representing a slight decrease from the prior year.

Service revenue increased by \$36,180 (0.4%) and \$1,322,761 (5.4%) to \$8,556,087 and \$25,899,268 for the three and nine months ended September 30, 2021, respectively, as compared to \$8,519,907 and \$24,576,507 for the three and nine months ended September 30, 2020, respectively. These increases are mainly attributed to increases in managed services and application hosting as we continue to focus in this area due to the needs of our customers' digital transformation and the further requirement of customers to have the ability of their organizations to work remotely, particularly during the Covid pandemic.

*Gross profit*

Gross profit for the three months ended September 30, 2021 decreased \$112,683 (2.8%) to \$3,939,308 as compared to \$4,051,991 for the three months ended September 30, 2020. For the three months ended September 30, 2021, the overall gross profit percentage was 39.0% as compared to 39.9% for the three months ended September 30, 2020.

Gross profit for the nine months ended September 30, 2021 increased \$1,113,721 (9.4%) to \$12,956,525 as compared to \$11,842,804 for the nine months ended September 30, 2020. For the nine months ended September 30, 2021, the overall gross profit percentage was 41.5% as compared to 39.6% for the nine months ended September 30, 2020.

The gross profit attributed to software sales decreased \$12,632 (1.9%) to \$665,309 for the three ended September 30, 2021 as compared to \$677,941 for the three months ended September 30, 2020, due mostly to the slightly lower sales.

The gross profit attributed to software sales increased \$283,982 (14.1%) to \$2,295,233 for the nine ended September 30, 2021 as compared to \$2,011,251 for the nine months ended September 30, 2020 due mostly to the increased sale of higher margin products.

The gross profit attributed to services decreased \$100,051 (3.0%) to \$3,273,999 for the three months ended September 30, 2021 as compared to \$3,374,050 for the three months ended September 30, 2020. This decrease is mostly due to costs associated with the learning curve of new employees, who were hired to accommodate our growth as well as higher compensation costs plus an increase in vacation and personal time off experienced during the quarter.

The gross profit attributed to services increased \$829,739 (8.4%) to \$10,661,292 for the nine months ended September 30, 2021 as compared to \$9,831,553 for the nine months ended September 30, 2020. This increase is attributed to revenue increases in managed services and application hosting, which provide for higher profit margins, and increases in commission and maintenance revenue for the period offset partially by costs associated with the learning curve of new employees, who were hired to accommodate our growth.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued).**

**Results of Operations for the Three and Nine Months Ended September 30, 2021 and 2020 (continued).**

*Operating expenses*

Selling and marketing expenses decreased \$49,823 (2.8%) and \$391,205 (7.2%) to \$1,702,496 and \$5,035,910 for the three and nine months ended September 30, 2021, respectively, as compared to \$1,752,319 and \$5,427,115 for the three and nine months ended September 30, 2020, respectively. This decrease is primarily due to lower travel and entertainment expense and reduced attendance at conferences and trade shows and lower marketing expenses. In addition, we experienced a slight reduction in payroll related expenses as a result of departmental changes for various employees, thereby reducing salary and benefit expense.

General and administrative expenses increased \$224,990 (11.1%) and \$645,797 (10.5%) to \$2,251,467 and \$6,779,662 for the three and nine months ended September 30, 2021, respectively, as compared to \$2,026,477 and \$6,133,865 for the three and nine-months ended September 30, 2020, respectively. This is primarily as a result of increases in payroll related expenses related to both additional personnel and departmental changes for various employees, which increased salary and benefit expense.

Share-based compensation increased \$45,482 and \$88,616 for the three and nine months to \$48,878 and \$98,810 for the three and nine months ended September 30, 2021 as compared to \$3,396 and \$10,194 for the three and nine months ended September 30, 2020, respectively. The increase is due to the issuance of stock options at the end of March 2021.

Depreciation and amortization expense increased \$47,708 and \$106,628 to \$226,765 and \$635,264 for the three and nine months ended September 30, 2021, respectively, as compared to \$179,057 and \$528,636 for the three and nine months ended September 30, 2020. This increase is primarily due to the additional amortization of intangible assets related to the new acquisitions.

*Income (loss) from operations*

As a result of the above, for the three months ended September 30, 2021, the Company had a loss from operations of \$290,298 as compared to income from operations of \$90,742 for the three months ended September 30, 2020. For the nine months ended September 30, 2021, the Company had net income from operations of \$406,879 as compared to a loss from operations of \$257,006 for the nine months ended September 30, 2020.

**Liquidity and Capital Resources**

The negative impact of Covid-19 on the economy creates uncertainty for the Company in the coming months and quarters. While our Company has not been significantly impacted as a result of this uncertainty, the potential negative impact on our business, in the future, is impossible to determine at this point, although it is likely that we could suffer negative consequences as many companies go out of business, suffer from supply-chain issues or decrease their technology spending.

The Company currently has no line of credit or other credit facility with any lender.

As such, we need to rely on our own limited resources to weather any economic downturn. Our competitors, almost all of whom are privately held, were able to avail themselves of the PPP program, which may make it more difficult for the Company to compete in the marketplace. Management will continue to monitor developments, explore various cost-cutting measures, and explore other sources of funding, but there is no guarantee we will be successful in doing so.

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 February 2021, ISM converted the outstanding balance of the loan in the amount of \$479,110 into 119,004 shares of the Company's common stock.

In February 2021, Nellnube converted the outstanding balance of the loan in the amount of \$191,645 into 47,602 shares of the Company's common stock.

In February 2021, the Company received net proceeds of \$3,382,352, excluding legal expenses, from the sale of 393,300 of common stock under its Registration Statement on Form S-3 and the previously disclosed At Market Issuance Sales Agreement.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued).****Results of Operations for the Three and Nine Months Ended September 30, 2021 and 2020 (continued).****Liquidity and Capital Resources (continued)**

In April 2021, the Company entered into the “2021 At Market Agreement with H.C wainwright & Co. (the “Sales Agent”) under which the Company may issue and sell shares of its common stock having an aggregate offering price of up to \$3,308,842 from time to time through the Sales Agent. Sales of the Company’s common stock through the Sales Agent, if any, will be made by any method that is deemed an “at the market” offering as defined by the SEC. The Company will pay to the Sales Agent a commission rate equal to 3.0% of the gross proceeds from the sale of any shares of common stock sold through the Sales Agent under the 2021 At Market Agreement.

In June 2021, 65,452 shares of Common Stock were issued and sold generating \$722,116 under The At Market Agreement, excluding legal expenses. In July 2021, an additional 9,548 shares of Common Stock were issued and sold generating \$76,436, net of legal expenses.

On June 21, 2021, the Company announced the payment of a \$0.60 special cash dividend per share of Common Stock to shareholders of record July 9, 2021. The dividend was paid on July 16, 2021 in the amount of \$3,081,706.

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

On April 1, 2021, the Company acquired certain assets of CT-Solution, Inc. (“CTS”) pursuant to an Asset Purchase Agreement. In consideration for the acquired assets, the Company issued a promissory note to CTS in the principal aggregate amount of \$130,000 (the “CTS Note”). The CTS Note is due in 36 months from the closing date and bears interest at a rate of two (2%) percent per annum. Monthly payments including interest are \$3,724.

On May 1, 2021, SWK acquired certain assets of PeopleSense, Inc. (“PSI”) pursuant to an Asset Purchase Agreement for cash of \$145,703, customer deposits related to prepaid time from clients in the amount of \$99,938, and the issuance of a promissory note in the aggregate principal amount of \$450,000 (the “PSI Note”). The PSI Note is due in 36 months from the closing date and bears interest at a rate of two percent (2.0%) per annum. Monthly payments including interest are \$12,889.

At September 30, 2021, future payments of long-term debt are as follows:

Remainder of 2021	\$	87,389
2022		402,005
2023		393,211
2024		125,875
2025		47,849
Total	\$	<u>1,056,329</u>

During the nine months ended September 30, 2021, the Company had a net increase in cash of \$656,820. The Company’s principal sources and uses of funds were as follows:

*Cash provided by operating activities*

Operating activities for the nine months ended September 30, 2021 provided cash of \$276,644 as compared to providing cash of \$247,135 for the same period in 2020. This increase in cash provided by operating activities is primarily due to increase in operating income and change in unbilled services offset mostly by the increase in prepaid expenses and other current assets and the change in income taxes payable.

*Cash (used in) provided by investing activities*

Investing activities for the nine months ended September 30, 2021 used cash of \$264,832 as compared to providing cash of \$867,005 for the same period in 2020. For the nine months ended September 30, 2021, the Company acquired PSI and paid \$145,703 in cash as part of the transaction (see Note 10) as well as purchased \$119,129 of property and equipment. For the nine months ended September 30, 2020, escrowed proceeds of \$1,150,000 were received from the sale of the EDI practice in August 2019 offset by cash used to acquired businesses for \$185,000 and the purchases of property and equipment in the amount of \$97,995.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued).**

**Results of Operations for the Three and Nine Months Ended September 30, 2021 and 2020 (continued).**

**Liquidity and Capital Resources (continued)**

*Cash (used in) provided by financing activities*

Financing activities for the nine months ended September 30, 2021 provided cash of \$645,008 as compared to using cash in the amount of \$2,699,946 for the same period in 2020. The increase in cash provided is attributed to the received net proceeds of \$4,180,904 from the sale of common stock under its Registration Statement on Form S-3 and the previously disclosed At Market Issuance Sales Agreement with a sales agent offset partially by a higher dividend payment to shareholders.

The Company believes that as a result of the growth in business, and the funds available from the proceeds from the sale of common stock, it has adequate liquidity to fund its operating plans for at least the next twelve months, provided, however, that the Company cannot currently quantify the uncertainty related to the recent pandemic and its effects on the business in the coming quarters. The belief that the Company has sufficient liquidity may be incorrect as the impact of Covid-19 becomes clearer over the coming months and quarters.

There was no significant impact on the Company's operations as a result of inflation for the nine months ended September 30, 2021.

**Off Balance Sheet Arrangements**

During the nine months ended September 30, 2021 or for fiscal 2020, we did not engage in any material off-balance sheet activities or have any relationships or arrangements with unconsolidated entities established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Further, we have not guaranteed any obligations of unconsolidated entities nor do we have any commitment or intent to provide additional funding to any such entities.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

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

**Item 4. Controls and Procedures**

*(a) Evaluation of Disclosure and Control Procedures*

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

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

*(b) Changes in Internal Control over Financial Reporting*

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

**PART II – OTHER INFORMATION**

**Item 1. Legal Proceedings**

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. 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.

**Item 1A. Risk Factors**

*There is a risk associated with COVID-19*

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which in March 2020, was declared a pandemic by the World Health Organization. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Company's financial position, operations, and cash flows. Possible areas that may be affected include, but are not limited to, disruption to the Company's customers and revenue, labor workforce, inability of customers to pay outstanding accounts receivable due and owing to the Company as they limit or shut down their businesses, customers seeking relief or extended payment plans relating to accounts receivable due and owing to the Company, unavailability of products and supplies used in operations, and the decline in value of assets held by the Company, including property and equipment.

We believe there are no changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 25, 2021.

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

There were no unregistered sales of the Company's equity securities during the quarter ended September 30, 2021.

**Item 3. Defaults upon Senior Securities**

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

**Item 4. Mine Safety Disclosures**

Not Applicable.

**Item 5. Other Information**

None

**Item 6. Exhibits**

1.1	<a href="#">At The Market Issuance Sales Agreement between SilverSun Technologies, Inc. and H.C. Wainwright &amp; Co., LLC (incorporated herein by reference to Exhibit 1.1 on that Form S-3 registration statement filed with the SEC on October 2, 2020).</a>
31.1	<a href="#">Certification by the Principal Executive Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*</a>
31.2	<a href="#">Certification by the Principal Financial Officer of Registrant pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*</a>
32.1	<a href="#">Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</a>
32.2	<a href="#">Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed herewith



**SIGNATURES**

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

**SILVERSUN TECHNOLOGIES, INC.**

Dated: November 9, 2021

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

Dated: November 9, 2021

By: /s/ Joseph P. Macaluso  
Joseph P. Macaluso  
Principal Financial Officer and Principal Accounting Officer

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

I, Mark Meller, certify that:

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

Dated: November 9, 2021

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

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

I, Joseph P. Macaluso, certify that:

1. I have reviewed this Form 10-Q of SilverSun Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;
4. Along with the Principal Executive Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-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 financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 9, 2021

By: /s/ Joseph P. Macaluso  
Joseph P. Macaluso  
Principal Financial Officer and Principal Accounting Officer  
SilverSun Technologies, Inc.

**EXHIBIT 32.1**

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

In connection with this Quarterly Report of SilverSun Technologies, Inc. (the "Company"), on Form 10-Q for the quarter ended September 30, 2021, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Mark Meller, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 9, 2021

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

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

In connection with this Quarterly Report of SilverSun Technologies, Inc. (the "Company"), on Form 10-Q for the quarter ended September 30, 2021, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Joseph P. Macaluso, Principal Accounting Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) Such Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in such Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 9, 2021

By: /s/ Joseph P. Macaluso  
Joseph P. Macaluso  
Principal Financial Officer and Principal Accounting Officer  
SilverSun Technologies, Inc.