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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

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

For the transition period from _____________to___________________________

Commission File No. 001-35384

DATA STORAGE CORPORATION
(Exact name of registrant as specified in its charter)

Nevada	**98-0530147**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
48 South Service Road Melville, N.Y.	**11747**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 564-4922**

Securities registered under Section 12(b) of the Exchange Act:

None

Name of each exchange on which registered: Not applicable

Securities registered under Section 12(g) of the Exchange Act:

Title of each class registered:
Common Stock, par value $.001 per share

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 5(d) of the Act. Yes ☐ No ☒

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

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

As of June 30, 2019, the last business day of the Registrant's most recently completed second fiscal quarter, the market value of our common stock held by non-affiliates was $1,300,208.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of S-K (§229.405) is contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ Do not check if a smaller reporting company	Smaller reporting company	☒

The number of shares of the registrant's common stock outstanding as of April 14, 2020was 128,539,418.

Data Storage Corporation
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PART I

ITEM 1. DESCRIPTION OF BUSINESS

OVERVIEW OF THE INDUSTRY & DATA STORAGE CORPORATION:

Our Industry:

Data Storage Corporation ("DSC" or the "Company) provides Disaster Recovery, Infrastructure as a Service (IaaS), IT Managed Services and Voice over Internet Protocol (VoIP) type solutions. DSC is positioned to leverage the growth in our industry. The following will provide a background on our industry and trends for the solutions the Company provides.

According to a study by Grand View Research, Inc., the global disaster recovery solutions market size is expected to reach US$ 26.23 billion by 2025, registering a strong compound annual growth rate ("CAGR") of 36.5% during the forecast period. The global disaster recovery solutions market has been experiencing a significant increase in demand due to infrastructure failure, cyberattacks, natural disasters, and other internal and external threats. These unanticipated events cause disruption in business operations, resulting in massive revenue losses.

Over the past few years, many companies are reconsidering their plans for backup and recovery solutions due to the increasing occurrences of planned, manmade disasters. For instance, malicious attacks such as WannaCry and Locky ransomware in 2017 led to the loss of thousands of encrypted files and systems. Government and private sectors incurred considerable financial losses owing to these attacks.

Businesses are increasingly incorporating disaster recovery (DR) solutions in their business continuity strategies, making DR plans a critical part of Information Technology ("IT") priorities. Moreover, increasing awareness about the benefits of implementing such solutions and the growing adoption of cloud-based solutions are increasing the demand of disaster recovery solutions among Small to Medium Enterprises ("SME") businesses.

The global infrastructure as a service (IaaS) industry value is expected to exceed US $60 billion by 2024 with an estimated growth rate of over 25% for the forecast period. IaaS is a form of cloud computing system dependent on significant physical resources, such as network connections, bandwidth, load balancers, and servers, which are present as a virtual service offered by the cloud service providers (CSP). An increasing amount of financial and business information and other critical data in various IT sectors are expected to increase the demand of IaaS in many organizations.

The need to reduce cost in IT infrastructure management, and to focus more on their primary operations has been the key objective of various companies. The technological innovations have led to growing mobility, ease of access, sophisticated working environment, and digitalization development in numerous business verticals. Ease of deployment, flexibility, and scalability of services can also be acknowledged as the key factors steering the market growth.

The IT and telecommunications sector are expected to witness significant growth rate due to the increasing demand of cloud-based services in the industry. This industry is considered to be the primary vertical generating enormous personal, financial and healthcare information. Customer-based organizations in the banking, financial services and insurance ("BFSI") sector create large volumes of confidential business and financial data which look at security and storage convenience for business continuity.

More and more companies are adopting the system of Bring Your Own Device (BYOD), as result the demand for VoIP services is also growing. Moreover, along with updating their services, VoIP service providers are also introducing new features in VoIP services to attract users at both individual and corporate level. New market avenues are likely to open with an increase in international calling.

The telecommunications industry is changing rapidly providing opportunity for growth and innovation in the VoIP industry.

According to a report issued by Persistence Market Research, the global VoIP services market is likely to witness substantial growth during 2017-2024. The global market for VoIP services is also estimated to reach US$ 194.5 Billion revenue towards the end of 2024.

Data Storage Corporation:

DSC provides subscription-based, long-term agreements for disaster recovery, Infrastructure as a Service (IaaS) and VoIP type solutions. In addition, DSC provides managed services, software and maintenance, equipment and onboarding provisioning. Services and goods are provided to businesses within the healthcare, banking and finance, distribution services, manufacturing, construction, education, and government industries. About 25% of our revenue is derived from equipment and software sales for cyber security, storage, IBM Power i systems and managed service solutions.

Our mission is to protect our client's data, ensuring business continuity, assisting in their compliance requirements and providing better control over their digital information.

DSC provides solutions through its business development team and contracted distribution channels. DSC's contracted, approved distributors have the ability to provide Disaster Recovery, Hybrid Cloud, IBM and Intel IaaS cloud-based solutions without the distributor investing in infrastructure, data centers and telecommunications services. The distributor is fully supported by DSC's specialized technical staff. The Company's programs lower the distributors barrier of entry to migrate their client's equipment premise infrastructure to DSC's cloud based solutions to their client base.

DSC is a 19-year veteran in cloud storage and cloud computing providing disaster recovery, business continuity and compliance solutions that assist organizations in protecting their data, minimizing downtime while ensuring regulatory compliance. Serving the business continuity market, DSC's clients save time and money, gain more control and better access to data and enable a high level of security for their data. Solutions include: Infrastructure as a Service specializing in IBM Power; data backup recovery and restore, high availability data replication; continuous data protection; data de-duplication; and, virtualized system recovery. DSC has forged significant relationships with leading organizations creating valuable partnerships.

Our IBM Power and Intel IaaS Cloud ensures enterprise level equipment and support, focusing on iSeries, AIX, Power, AS400 and our high-processing power cloud for Intel. Our Disaster Recovery services for both Intel and IBM has a guaranteed back-to-work window. DSC is a one-stop source for managed services from VoIP to providing the client with equipment and software, monitoring, help desk and a full array of business continuity solutions.

Headquartered in Melville, NY, with an additional office location in Warwick, RI, DSC maintains its enterprise infrastructure in several data center facilities located within New York, Massachusetts and North Carolina, and has recently expanded into Texas.

The core support services provided by DSC's operations division is staffed by highly trained personnel to maintain service-level agreements and to support clients twenty-four hours a day, 365 days a year. DSC provides ongoing education to its staff for maintaining technical skills and certifications.

Our Continuing Strategy

DSC derives its revenues from long-term subscriptions, and professional services contracts related to the implementation of solutions that provide protection of critical data and equipment. In 2009, DSC's revenues consisted primarily of data vaulting, de-duplication, continuous data protection and cloud disaster recovery solutions, and protecting information for our clients.

In 2010, we expanded our solutions based on the asset acquisition of SafeData, a provider of disaster recovery and business continuity for IBM's mid-range servers, Power i. The Safe Data acquisition provided the ability to provide a solution to a specialized IBM community with limited competition and higher average revenue per client. October 2012, we purchased the software and assets of Message Logic, an email archival and compliance software. The Message Logic acquisition strategy was based on the increased requirements for compliance and storage of emails and e-discovery type data.

In October 2016, DSC purchased the assets of ABC Services, Inc. and ABC Services II, Inc. (collectively, "ABC") , including the remaining 50% of Secure Infrastructure and Services, LLC, the IBM Power Cloud. ABC has an excellent reputation that spans 25 years and is a Premium Partner of IBM providing equipment, licensing, provisioning and managed services to their clients. ABC also provides high-level cyber security as part of their solutions portfolio.

On October 19, 2017, DSC formed a new division, Nexxis Inc. ("Nexxis"), to provide VOIP and carrier services for bandwidth connection between the client and our data centers. DSC owns 80% of Nexxis, which is positioned to cross-sell our client base and provide new opportunities. We believe there is an opportunity to increase our clients' bandwidth for improved access to our cloud solutions, while at the same time continue to target new clients as businesses move to new telecommunications technologies for voice and data.

DSC delivers its solutions over a highly reliable, redundant and secure fiber optic networks with separate and diverse routes to the internet from our data centers.

DSC is positioned to leverage its infrastructure, data centers, equipment capacity and leadership team to grow revenue and create value.

Positioned for organic growth, DSC will continue our strategy of growth through synergistic acquisitions. DSC believes opportunities exist to acquire service providers and intellectual property to enhance our solution portfolio, increase our distribution channels, expand our management and increase our cash flow.

Our acquisition strategy objective is to reduce costs through economies of scale while increasing market share and consolidating efforts.

We believe that through our partnership programs strategy, as well as through our strategy to acquire synergistic service providers, we can create significant value.

The roll-up of these synergistic technical companies and system integrators would also form a powerful distribution channel for both our current and future service offerings. We believe that if we achieve our acquisition strategy this would enable DSC to create a global presence and a recognizable premiere brand.

DESCRIPTION OF SERVICES AND SOLUTIONS

DATA PROTECTION SERVICES

Data Storage Corporation offers a variety of data protection services designed to meet its clients' requirements and budgets.

ezVault

ezVault Consists of Cloud backup services which eliminate the cost and challenges of tape handling, tape management and file retrieval and restore. All backups are encrypted and replicated to a second data center to ensure that data is always safe and available. The vault size automatically scales with data growth, and retention needs are never a concern. With our high-speed enterprise storage, deduplication, and compression, backup and restore times are reduced. Our ezVault services are backed by a clear and well-defined SLA, guaranteeing performance, availability and access. ezVault is most typically combined with ezRecovery (as described below) to provide Disaster Recovery as a Service (DRaaS).

Solution Details

- **Easily managed scheduling and retention** –Backup policies are managed directly by the client as part of our service offering. On IBM i, clients have access to the management interface on each system and other environments use a management portal to restore files, manage job schedules and data retention. This allows clients to retain as much data as they need.

- **Save While Active** – Backups can be scheduled to run at any time with little to no impact on production applications.

- **Scalable** – ezVault automatically scales to meet your backup storage requirements. The pay as you grow model eliminates the need to forecast future backup capacity and purchase additional storage that may go unused for several years.

- **Client has direct access and control of data retrieval** – ezVault provides the client with the ability to directly retrieve files from any point in time without having to rely on a provider to load tapes, which makes restoring files much quicker and easier than tape or Virtual Tape Library (VTL).

- **Optional local appliance** – A client site backup appliance is available for local data retention and automatic replication to the ezVault cloud, providing faster local restores when needed and all the offsite data protection of our ezVault cloud solution.

- **Reduced backup time** – ezVault backups are incremental forever with all data deduplicated, compressed and encrypted before transmission drastically reducing backup times compared to traditional tape-based backups. Backups are immediately transmitted offsite without the delay and complexity of tape handling, storage and retrieval.

- **Backup Protection** – All backups are encrypted and replicated to a second data center providing built-in redundancy for our clients' mission critical data.

- **Offsite Copy Included** – A monthly copy of clients' data is copied to tape and stored into separate data center to add another layer of safety to clients' important data.

- **Guaranteed Performance SLA**

ezRecovery

ezRecovery Consists of ezVault backup services combined with our managed standby compute, storage and network infrastructure resources. Vaulted applications, data and user access are quickly and easily restored to standby systems, saving clients' money and reducing the recovery time. Our recovery services are backed by a clear and well-defined SLA guaranteeing performance, availability and access with Recovery Point Objective's (RPO's) and Recovery Time Objective's (RTO's) as short as eight hours.

Solution Details

- **Standby Systems** – Preconfigured systems capable of running full production workloads in the event of a disaster.
- **No Licensing** – Reduces cost; we provide temporary OS licensing in the event of system recovery.
- **Scalable** – Increase performance and capacity on demand, handling possible workload differences from original capacities and additional performance to improve restore time.
- **RTO Improvements** – Backups stored locally in our cloud are quickly restored to the standby systems and available for use in as little as eight hours.
- **Flexible Access options** – Preconfigured VPN, SSL Clients, MPLS and other dedicated circuits available for quick activation eliminating issues with user access.
- **Secure Recovery** – All standby systems are in their own dedicated network segment allowing strict security policies meeting any client and compliance requirements.
- **Guaranteed Performance SLA**

ezAvailability

ezAvailability provides reliable, high availability and business continuity for mission critical applications with RPO under a minute and RTO typically under 15 minutes, with optional, fully managed real-time replication services. Our ezAvailability service consist of a full-time enterprise system, storage and network resources, allowing quick and easily-switched production workloads to our cloud when needed. Our ezAvailability services are backed by a clear and well-defined SLA guaranteeing performance, availability and access.

Solution Details

- **Enterprise Level Resources** – Always on, switch ready and able to handle full production workloads.
- **Tier-3 Data Centers** – Meets or exceeds most production environments for security, compliance standards, power and cooling redundancy, fire suppression and communications with 100% uptime.
- **Scalable Resources** – ezAvailability is designed to seamlessly scale system processor, memory and storage resources as needed. This allows clients to run replication on a base HA system with additional resources in reserve for use when needed in a test or disaster declaration. HA systems and standby resources can be expanded to meet typical client-side growth over time or from other business changes.
- **Host based Replication** – Software and/or Journal-Based application installed on the production host that tracks and sends all changes to the ezAvailability target system. Replication is at the file or journal level ensuring data and transaction integrity on the target system.
- **SAN-Based Replicatio**n (ezMirror) – SAN level replication using compatible hardware for the source and target. Replication is at the data block level copying all partial file changes to the target typically with a system that is powered off in standby.
- **Guaranteed Performance SLA**

ezMirror

ezMirror is a SAN-based replication solution combined with our ezRecovery standby systems to provide easy to manage and cost-effective Business Continuity and Disaster Recovery (DR) option.

Features

- RPO of 5-10 minutes and RTO of 30 minutes achievable under optimal conditions
- Support for IBM SVC/Storwize SAN with Global Mirror
- Full system replication mirrors all Volumes/LUNs of the system including the load source to the target SAN
- When replication is active the target host is offline in standby
- No additional maintenance, patching or updates required on the target system
- Replication process is separate from the Operating System
- Any ASP configuration is supported including IASPs

ezHost

Our cloud hosting solution, ezHost provides full-time, scalable compute, storage, and network infrastructure resources needed to run clients' mission critical workloads on our enterprise class infrastructure. ezHost removes the burden of the typical hardware lifecycle management of on-premise systems by replacing the cost of support, maintenance, system administration, space, power and cooling with a predictable monthly expense. Our ezHost services are backed by a clear and well-defined SLA guaranteeing performance, availability and access.

Solution Details

- **Enterprise Level Resources** – Always on and able to handle full production workloads. QOS capabilities on the storage and network ensures resources are delivered at the desired performance level.
- **Tier-3 Data Centers** – Meets or exceeds most production environments for security, compliance standards, power and cooling redundancy, fire suppression and communications with 100% uptime.
- **Scalable Resources** – ezHost is designed to seamlessly scale system processor, memory and storage resources as needed. This allows clients to start using a system with lower resources than they would need to purchase in an on-premise system and scale to meet typical client growth over time or from other business changes.
- **OS Support** – IBM i, Windows, AIX, and Linux
- **Security** – ezHost clients are always deployed in isolated environments with strict security controls on network traffic. Options exist for dedicated or client provided firewalls and security appliances.
- **Communications** – All ezHost services include public internet access with VPN support and options for client provided private networks such as MPLS, Metro Ethernet, Point to Point.
- **Support** – 24x7 Infrastructure support with options for operating system support and system administration.
- **Licensing** – Flexible licensing options let you bring your own or we can provide the OS licensing
- **Compliance** – Compliant with PCI, HIPAA, SOX standards.
- **All system, storage and network infrastructure are owned, operated and supported by DSC.**
- **Guaranteed Performance SLA**

Cyber Security

DSC has developed several comprehensive Cyber Security offerings that can be utilized on premise at a client's location or on systems hosted in the cloud. These offerings include fully managed endpoint security with active threat mitigation, system security assessments, risk analysis and applications to ensure continuous security and auditing for IBM systems.

- **Client** security provides AV, Malware, Ransomware and behavioral analysis for Windows, Mac and Linux Desktops, Laptops and iOS/Android Mobile devices.
- **Server** security provides AV, Malware, Ransomware and behavioral analysis for Windows and Linux Servers.
- **IBM i Security Assessments** is a free offering that performs a thorough analysis of an IBM i system reviewed by our expert staff. We deliver a detailed report of finding and recommendations to ensure systems meet your desired compliance and security standards.
- **IBM i Security Modules** include software solutions that are installed on the system to ensure the continuous compliance of systems security standards.
- **Managed firewall** provides firewall configuration changes, quarterly configuration review and firewall patching.

DATA CENTER & SECURITY

DSC helps organizations manage risk, increase performance and improve agility. Our Tier 3 data centers are part of a nationwide network with a shared commitment to Redundancy, Security and Compliance. Each of DSC's data centers is a safe, secure facility audited under SSAE-16 SOC 1 Type II, SOC 2 Type II, PCI-DSS1, GLBA and HIPAA standards annually.

Physical Security

Controls access and provides a redundant, reliable environment

Data Center/System Access

- 24/7 Security and Surveillance (NOC & SOC)
- BIOMETRIC / ID Card Two Factor Access Control
- Man Traps – Limits access to one person at a time
- Fire Suppression

- Redundant Power and Cooling

- Locked Cages and Racks

System Security

System Hardening – Very securable

- Use Highest security levels
- System Auditing and Logging
- Control Privileged Accounts and Access
- Data Encryption

Fully Managed Systems

- Stay up to date on Patches and Updates
- System Auditing and Monitoring
- Assistance remediating issues

Edge Security

Control the traffic in and out of a client's hosted environment

Shared Managed Network Routers and Firewalls

- Service Provider handles updates,
- policy management, and maintenance
- Typical services include: UTM, AV, IDP, Load Balancing

Dedicated Network Routers and Firewalls

- Client has full control

Client Supplied Edge Equipment

- Firewall, Router, Load Balancers, etc.
- Client has full control

Each Client has a dedicated network segment and all traffic, in and out, must pass through a firewall policy.

VOICE & DATA SOLUTIONS

Nexxis, our new voice and data division, is leading the way with advanced voice and data services that propel business' forward with unparalleled performance, speed and continuity to keep vital information moving in the right direction. Faster than traditional phone systems — and infinitely smarter — Nexxis' voice and data solutions add functionality and improve efficiency, while keeping your costs down.

Solution Details

- **Pure, Reliable Voice Service:** The latest data and VoIP technology to ensure flawless service clients can rely on, 24/7, with numerous options and no upfront costs.
- **Premium Color IP Phones:** Choose from a range of top-of-the-line, feature-rich Polycom VVX color phone systems that look great and sound crystal clear.
- **Enterprise-level Features:** Our 100% fiber-optic network provides unrivaled, enterprise-level service to meet clients' business needs today, and tomorrow.
- **Built-in Business Continuity — and Connectivity:** Our VoIP solutions keep businesses fully connected, whenever and wherever clients are working from.
- **Dedicated High-speed Internet:** With speeds up to 40 GB, Nexxis provides lightning-fast download and upload — with superior connectivity and cost-efficiencies built-in.
- **Multi-site Connectivity:** Our secure high-speed network keeps your entire business connected, from hub to off-site locations nationwide.

COMPETITION

The markets for the Company's products and services are competitive and the Company is confronted by aggressive competition. These markets are characterized by frequent product introductions and rapid technological advances. The Company's financial condition and operating results can be adversely affected by these and other industry-wide downward pressures on gross margins. Principal competitive factors important to the Company include price, product features, relative price and performance, product quality and reliability, a strong third-party software, marketing and distribution capability, service and support and corporate reputation.

The Company is focused on expanding its market opportunities related to disaster recovery and infrastructure as a service and platform as a service, primarily focused on the IBM community. These markets are highly competitive and include several large, well-funded and experienced participants.

The Company's future financial condition and operating results depend on the Company's ability to continue to provide a high-quality solution as well as increase distribution of the solutions in each of the markets in which it competes.

The Company believes it offers superior 365x24x7 enterprise level service and solutions for the SME marketplace and value-added reseller community with guaranteed uptime and service level agreements which sets the company apart from many of their competitors.

CORPORATE HISTORY

On October 20, 2008, DSC consummated a share exchange transaction with Data Storage Corporation, a Delaware corporation, and DSC subsequently changed its name from Euro Trend Inc. to Data Storage Corporation.

DSC acquired the assets of SafeData, LLC in June 2010, and the assets of Message Logic LLC, ("Message Logic") in October 2012.

In December 2012, DSC was accepted as an IBM Service provider for cloud solutions.

In October 2016, DSC purchased the assets of ABC which included the remaining 50% of the Secure Infrastructure and Services venture.

On October 19, 2017 DSC formed a new division, Nexxis Inc., to provide VOIP and carrier services.

The result of these acquisitions and strategic alliances, combined with DSC's legacy disaster recovery and business continuity solutions, positions DSC as a potential leader in business to business disaster recovery as a service, infrastructure as a service on the IBM Power i mid-range servers, email compliance with Software as a Service (SaaS). DSC will continue to provide our solutions and our planned industry consolidations.

ITEM 1A. RISK FACTORS

Business interruptions, including any interruptions resulting from COVID-19, could significantly disrupt our operations and could have a material adverse impact on us if the situation continues

Business interruptions, including any interruptions resulting from COVID-19, could significantly disrupt our operations and could have a material adverse impact on DSC if the situation continues. Under NYS Executive Order 202.6, "Essential Business," DSC is an "Essential Business" based on the following in the Executive order number 2: Essential infrastructure including telecommunications and data centers; and, number 12: Vendors that provide essential services or products, including logistics and technology support.

Further, all employees, including our specialized technical staff, are working from home or in a virtual environment. DSC always maintains the ability for team members to work virtual and we will continue to stay virtual, until the State and or the Federal government indicate the environment is safe to return to work.

The ongoing coronavirus outbreak which began in China at the beginning of 2020 has impacted various businesses throughout the world, including travel restrictions and the extended shutdown of certain businesses in impacted geographic regions. If the coronavirus outbreak situation should worsen, we may experience disruptions to our business including, but not limited to equipment, to our workforce, or to our business relationships with other third parties.

The extent to which the coronavirus impacts our operations or those of our third-party partners will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. Any such disruptions or losses we incur could have a material adverse effect on our financial results and our ability to conduct business as expected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

As a smaller reporting company, we are not required to provide disclosure pursuant to this item.

ITEM 2. PROPERTIES

Our principal offices are located at 48 South Service Road, Suite 203, Melville, NY 11747. We also maintain offices located at 535 Centerville Road, Warwick, RI 02886, and data centers in New York, Massachusetts and North Carolina and Texas. Our corporate telephone number is (212) 564-4922. We believe our current offices and facilities are adequate for the near future.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

LIMITED PUBLIC MARKET FOR COMMON STOCK

A symbol was assigned for our securities so that our securities may be quoted for trading on OTC Markets under the symbol "DTST". Minimal trading occurred through the date of this Annual Report based on a limited float. There can be no assurance that a liquid market for our securities will ever develop. Transfer of our common stock may also be restricted under the securities or blue-sky laws of various states and foreign jurisdictions. Consequently, investors may not be able to liquidate their investments and should be prepared to hold the common stock for period of time.

Quarterly ended	Low Price	High Price
March 31, 2018	$ 0.09	$ 0.10
June 30, 2018	$ 0.11	$ 0.16
September 30, 2018	$ 0.16	$ 0.17
December 31, 2018	$ 0.14	$ 0.16
March 29, 2019	$ 0.17	$ 0.17
June 28, 2019	$ 0.17	$ 0.18
September 30, 2019	$ 0.10	$ 0.12
December 31, 2019	$ 0.11	$ 0.13

HOLDERS OF OUR COMMON STOCK

As of December 31, 2019, we had 40 shareholders of record of our common stock.

DIVIDEND POLICY

DSC has not declared or paid dividends on common stock since its formation, and do not anticipate paying dividends in the foreseeable future. The declaration or payment of dividends, if any, in the future, will be at the discretion of DSC's Board of Directors (the "Board of Directors" or the "Board") and will depend on the then current financial condition, results of operations, capital requirements and other factors deemed relevant by the Board. There are no contractual restrictions on our ability to declare or pay dividends. Preferred dividends are accrued quarterly. No Preferred dividends have been paid to date.

EQUITY COMPENSATION PLAN INFORMATION

See "Executive Compensation "2008 Equity Incentive Plan" and "2010 Incentive Award Plan" on page 43for DSC's equity compensation plan information.

During the past fiscal year, we issued stock options to several officers, directors and employees for the purchase of an aggregate amount 2,852,537 shares of common stock in reliance on an exemption from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion of our plan of operation and results of operations should be read in conjunction with the financial statements and related notes to the financial statements included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that relate to future events or our future financial performance. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include, among others, those listed under "Forward-Looking Statements" and "Risk Factors" and those included elsewhere in this report.

COMPANY OVERVIEW

Data Storage Corporation ("DSC" or the "Company") provides subscription based, long term agreements for disaster recovery solutions, Infrastructure as a Service (IaaS) and VoIP and carrier type solutions. Over 23.8% of our revenue is derived from equipment sales for cyber security, storage, IBM Power i systems and managed service solutions.

Our mission is to protect our client's data, ensuring business continuity, assisting in their compliance requirements and providing better control over their digital information. The Company's October 2016 acquisition of the assets of ABC Services, Inc. and ABC Services II, Inc. (collectively, "ABC"), and its acquisition of the remaining 50% of the assets of Secure Infrastructure and Services LLC, supports the Company's acquisition strategy. These acquisitions accelerated our strategy into cloud based managed services, expanded cyber security solutions and our hybrid cloud solutions with the ability to provide equipment and expanded technical support.

The Company provides its solutions through its business development team and contracted distribution channels. DSC's contracted, approved distributors have the ability to provide Recovery and Hybrid Cloud solutions, IBM and Intel IaaS cloud-based solutions without the distributor investing in infrastructure, data centers and telecommunications services as well as specialized technical staff whereby lowering their barrier of entry for them to provide these solutions to their client base.

DSC is a 19-year veteran in cloud storage and cloud computing providing disaster recovery, business continuity and compliance solutions that assist organizations in protecting their data, minimizing downtime while ensuring regulatory compliance. Serving the business continuity market, DSC's clients save time and money, gain more control and better access to data and enable a high level of security for their data. Solutions include: Infrastructure as a Service specializing in IBM Power; data backup recovery and restore, high availability data replication; email archival and compliance; and eDiscovery; continuous data protection; data de- duplication; and, virtualized system recovery. DSC has forged significant relationships with leading organizations creating valuable partnerships.

Our IBM Power and Intel IaaS Cloud ensures enterprise level equipment and support, focusing on iSeries, AIX, Power, AS400 and our high-processing power for Intel. Our Disaster Recovery services for both Intel and IBM has a guaranteed back-to-work window. DSC is a one-stop source for managed services from VoIP to providing the client with equipment and software, monitoring, help desk and a full array of business continuity solutions.

The Company provides its solutions through its business development team and contracted distribution channels. DSC's contracted approved distributors have the ability to provide our Recovery and IaaS solutions without capital investment thereby lowering their barrier of entry in providing these cloud solutions to their client base.

Headquartered in Melville, NY, with additional offices in Warwick, RI, DSC offers solutions and services to businesses within the healthcare, banking and finance, distribution services, manufacturing, construction, education, and government industries.

DSC derives its revenues from subscription services and solutions, managed services, software and maintenance, equipment and onboarding provisioning. DSC maintains infrastructure and storage equipment in several technical centers in New York, Massachusetts and North Carolina.

DSC services clients from its staffed technical offices in New York and Rhode Island, which consist of modern offices and a technology suite adapted to meet the needs of a technology-based business.

DSC varies its use of resources, technology and work processes to meet the changing opportunities and challenges presented by the market and the internal customer requirements. The Company supports clients twenty-four hours a day, 365 days a year.

RESULTS OF OPERATIONS

Year ended December 31, 2019 as compared to December 31, 2018

The reduction in Equipment and Software revenue in 2019 over 2018 is attributed to long term Company clients that refresh equipment based on a cycle and upgrade to new equipment. Software renewals and hardware maintenance continue to renew each year and are typically a constant revenue stream, unless the Company migrates these clients to our Infrastructure as a Service solution, IaaS. This marketing migration program from on-premise equipment to our IBM Power Infrastructure as a Service will impact the period revenue and profit, however gross profit margins are higher on IaaS services, and long-term contract value improves. Changes in Managed Services and Other categories carry higher margins and are supported by our technical staff and are labor based services. Profit margins on these Managed Services and our Other category services carry higher than our average margin. Managed Services and Other classes of solutions and services are primarily based on fulfilling client projects requirements and client help desk support. Many clients utilize multiple services and solutions from the Company. While equipment and software sales decreased, disaster recovery and infrastructure as a service increased by $820,977 under new long-term contracts to provide these services, increasing our Company contract value. The following chart details the changes in our operations for the years ended December 31, 2019 and 2018, respectively.

Revenue	**For the Year Ended December 31,**			
	2019	**2018**	**$ Change**	**% Change**
Infrastructure & Disaster Recovery/Cloud Service	$ 5,437,684	$ 4,616,707	$ 820,977	18%
Equipment and Software	1,784,658	3,221,704	(1,437,046)	(45)%
Managed Services	365,767	603,716	(237,949)	(39)%
Professional Fees	411,475	315,658	95,817	30%
Nexxis VoIP Services	484,024	129,617	354,407	273%
Total Revenue	$ 8,483,608	$ 8,887,402	$ (403,794)	(5)%

Cost of Sales. For the year ended December 31, 2019, cost of sales was $4,746,031, a decrease of $681,959 or 13% compared to $5,427,990 for the year ended December 31, 2018. The decrease is attributable to the decrease in equipment and software cost.

Operating Expenses. For the year ended December 31, 2019, operating expenses were $3,531,053, an increase of $407,001, or 13%, as compared to $3,124,052 for the year ended December 31, 2018. The net increase is reflected in the chart below.

Operating Expenses	**For the Year Ended December 31,**			
	2019	**2018**	**$ Change**	**% Change**
Increase in Salaries	$ 825,647	$ 702,697	$ 122,950	17%
Increase in Officer's Salaries	540,906	453,560	87,346	19%
Decrease in Professional Fees	309,036	465,187	(156,151)	(34)%
Increase in Software as a Service Expense	102,874	15,231	87,643	575%
Increase in Advertising Expenses	259,920	216,784	43,136	20%
Increase in Commissions Expense	890,867	740,803	150,064	20%
Increase in all Other Expenses	601,802	529,790	72,013	14%
Total Expenses	$ 3,531,053	$ 3,124,052	$ 407,001	13%

Salaries increased primarily due to hiring a consultant as an employee within the finance department causing a decrease in professional fees from the prior year and increase in salaries in the current year.

Officer's Salaries increased by $87,346 based on a change to senior management compensation as approved by the Board.

Software as a Service Expense (SaaS) increased by $87,643. This is attributed to the expanding data gathering so management can make more informed decisions. Some of these services were previously done by consultants and have contributed to the deceased in professional fees.

Advertising Expenses increased primarily due to additional marketing campaigns for Nexxis.

Professional fees decreased primarily due to the company hiring a consultant as an employee and relying less on consultants for accounting services.

Commissions related to employee and outside contractor (channel partner) primarily increased due to an increase in Nexxis's sales.

All Other Expenses increased primarily due to the reduction of the allowance for doubtful accounts of $60,000 in 2018.

Other Income (Expense). Interest expense for the year ended December 31, 2019 increased $78,663 to $177,451 from $98,788 for the year ended December 31, 2018. The increase is a result of the Company purchasing new equipment under operating lease agreements. This equipment is located in our data centers.

Net Income (Loss). Net income for the year ended December 31, 2019 was $29,323, as compared to a net income of $236,671 for the year ended December 31, 2018.

LIQUIDITY AND CAPITAL RESOURCES

The consolidated financial statements have been prepared using generally accepted accounting principles in the United States of America ("GAAP") applicable for a going concern, which assumes that DSC will realize its assets and discharge its liabilities in the ordinary course of business. In 2020, we intend to continue to work to increase our presence in the cloud and business continuity marketplace specializing in IBM Power i and disaster recovery / business continuity marketplace utilizing our technical expertise, software and our capacity in our data centers.

To the extent we are successful in growing our business, identifying potential acquisition targets and negotiating the terms of such acquisition, and the purchase price includes a cash component, we plan to use our working capital and the proceeds of any financing to finance such acquisition costs. Our opinion concerning our liquidity is based on current information. If this information proves to be inaccurate, or if circumstances change, we may not be able to meet our liquidity needs, which will require a renegotiation of related party capital equipment leases and / or major shareholders, such as senior management, entering into financing or stock purchase arrangements.

During the year ended December 31, 2019, DSC's cash increased $97,771 to $326,561 from $228,790 December 31, 2018. Net cash of $799,666 was provided by DSC's operating activities resulting primarily from depreciation expense of $896,697. Net cash of $661,540 was used in financing activities resulting from payments on capital lease obligations.

DSC's working capital deficit was $2,571,583 at December 31, 2019, increasing by $369,352 from $2,202,231 at December 31, 2018. The increase is primarily attributable to an increase of dividend payable, line of credit, related party financing notes and operating leases in the amount of $624,000. The increase in short term liabilities was offset by an increase in cash and accounts receivable of $258,000.

Share Based Compensation

DSC follows the requirements of FASB ASC 718-10-10, *Share Based Payments* with regards to stock-based compensation issued to employees. DSC has agreements and arrangements that call for stock to be awarded to the employees and consultants at various times as compensation and periodic bonuses. The expense for this stock-based compensation is equal to the fair value of the stock price on the day the stock was awarded multiplied by the number of shares awarded.

The valuation methodology used to determine the fair value of the options issued during the year was the Black-Scholes option-pricing model. The Black-Scholes model requires the use of a number of assumptions including volatility of the stock price, the average risk- free interest rate, and the weighted average expected life of the options. Risk–free interest rates are calculated based on continuously compounded risk–free rates for the appropriate term. The dividend yield is assumed to be zero as the Company has never paid or declared any cash dividends on its Common stock and does not intend to pay dividends on its Common stock in the foreseeable future. The expected forfeiture rate is estimated based on management's best estimate.

Estimated volatility is a measure of the amount by which DSC's stock price is expected to fluctuate each year during the expected life of the award. DSC's calculation of estimated volatility is based on historical stock prices of entities over a period equal to the expected life of the awards. DSC uses the historical volatility of peer entities due to the lack of sufficient historical data of its stock price.

Off-Balance Sheet Arrangements

DSC does not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities".

CRITICAL ACCOUNTING POLICIES

DSC's financial statements and related public financial information are based on the application of GAAP. GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue, and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note 2 of our financial statements. While all these significant accounting policies impact our financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause effect on our consolidated results of operations, financial position or liquidity for the periods presented in this report.

RECENTLY ISSUED AND NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *"Revenue from Contracts with Customers"* ("ASU 2014-09"), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. In addition, this guidance requires new or expanded disclosures related to the judgments made by companies when following this framework and additional quantitative disclosures regarding contract balances and remaining performance obligations. ASU 2014-09 may be applied using either a full retrospective approach, under which all years included in the financial statements will be presented under the revised guidance, or a modified retrospective approach, under which financial statements will be prepared under the revised guidance for the year of adoption, but not for prior years. Under the latter method, entities will recognize a cumulative catch-up adjustment to the opening balance of retained earnings at the effective date for contracts that still require performance by the entity.

ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The Company developed an implementation plan to adopt this new guidance, which included an assessment of the impact of the new guidance on our financial position and results of operations. On January 1, 2018, the Company adopted the new accounting standard ASC 606, *Revenue from Contracts with Customers* and for all open contracts and related amendments as of January 1, 2018 using the modified retrospective method.

In February 2016, the FASB issued ASU 2016-02, *Leases,* ("ASC 842"), which supersedes FASB ASC 840, *Leases* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use ("ROU") asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The standard is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted upon issuance. The Company adopted the standard effective January 1, 2019 and recognized operating lease liabilities of $319,236 with corresponding ROU assets of the same amount based on the present value of the remaining rental payments of our office locations.

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory", which eliminates the exception that prohibits the recognition of current and deferred income tax effects for intra-entity transfers of assets other than inventory until the asset has been sold to an outside party. The updated guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption of the update is permitted. The Company is currently evaluating the impact of the new standard.

In January 2017, the FASB issued ASU 2017-04 Intangibles-Goodwill and Other ("ASC 350"): Simplifying the Accounting for Goodwill Impairment ("ASU 2017-04"). ASU 2017-04 simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, under ASU 2017-04, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. ASU 2017-04 is effective for annual or any interim goodwill impairment tests for fiscal years beginning after December 15, 2019 and an entity should apply the amendments of ASU 2017-04 on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of ASU 2017-04 to have a material impact on its consolidated financial statements.

In July 2017, the FASB issued ASU 2017-11, *Earnings Per Share* ("ASC 260")*, Distinguishing Liabilities from Equity* ("ASC 480")*, and Derivatives and Hedging* ("ASC 815"). ASU 2017-11 is intended to simplify the accounting for financial instruments with characteristics of liabilities and equity. Among the issues addressed are: (i) determining whether an instrument (or embedded feature) is indexed to an entity's own stock; (ii) distinguishing liabilities from equity for mandatorily redeemable financial instruments of certain nonpublic entities; and (iii) identifying mandatorily redeemable non-controlling interests. ASU 2017-11 is effective for the Company on January 1, 2019. The adoption of ASU 2011-11 did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement - Disclosure Framework (Topic 820). The updated guidance improves the disclosure requirements for fair value measurements. We do not believe the updated guidance, which is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019, will have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other - Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract. This guidance requires companies to apply the internal-use software guidance in Accounting Standards Codification ("ASC") 350-40 to implementation costs incurred in a hosting arrangement that is a service contract to determine whether to capitalize certain implementation costs or expense them as incurred. We do not believe the new guidance, which is effective for fiscal years beginning after December 15, 2019, will have a material impact on our consolidated financial statements.

On January 1, 2019, the Company adopted the requirements of Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standard from the previous guidance (Topic 840) is the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. As part of the transition to the new standard, the Company was required to measure and recognize leases that existed at January 1, 2019 using a modified retrospective approach for leases existing at the effective date. The Company has elected not to recognize a ROU asset and obligation for leases with an initial term of twelve months or less. The adoption of Topic 842 resulted in the recognition of an operating ROU asset and operating lease liability of $351,699 and $356,689, respectively as of January 1, 2019.

OFF-BALANCE SHEET TRANSACTIONS

DSC has no off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Sensitivity

Interest due on the Company's loans is based upon the applicable stated fixed contractual rate with the lender. Interest earned on DSC bank accounts is linked to the applicable base interest rate. For the years ended December 31, 2019 and 2018, DSC had interest expense, net of interest income, of $177,201and $98,689 respectively. DSC believes that its results of operations are not materially affected by changes in interest rates.

DSC's exposure to market risk is confined to its cash and cash equivalents, all of which have maturities of less than three months and bear and pay interest in U.S. dollars. We do not believe interest rate changes would have a material impact on us.

DSC does not hold any derivative instruments and does not engage in any hedging activities.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Index to the Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Data Storage Corporation and Subsidiary

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Data Storage Corporation and Subsidiary (the Company) as of December 31 2019 and 2018, and the related consolidated statements of operations, stockholders' (deficit),and cash flows for each of the years in the two year period ended December 31, 2019, and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ Rosenberg Rich Baker Berman, P.A.

We have served as the Company's auditor since 2008.

Somerset, New Jersey

April 14, 2020

DATA STORAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

		2019		2018
ASSETS				
Current Assets:				
Cash and cash equivalents	$	326,561	$	228,790
Accounts receivable (less allowance for doubtful accounts of $30,000 in 2019 and 2018)		691,436		531,245
Prepaid expenses and other current assets		80,728		167,891
Total Current Assets		1,098,725		927,926
Property and Equipment:				
Property and equipment		6,894,087		5,293,711
Less—Accumulated depreciation		(4,705,256)		(4,005,338)
Net Property and Equipment		2,188,831		1,288,373
Other Assets:				
Goodwill		3,015,700		3,015,700
Operating lease right-of-use assets		324,267		—
Other assets		65,433		65,433
Intangible assets, net		649,934		846,713
Total Other Assets		4,055,334		3,927,846
Total Assets	$	7,342,890	$	6,144,145
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities:				
Accounts payable and accrued expenses	$	906,716	$	988,579
Dividend payable		970,997		846,685
Deferred revenue		432,942		435,406
Line of Credit		75,000		—
Finance leases payable related party		833,148		509,487
Operating lease liabilities short term		101,505		—
Note payable		350,000		350,000
Total Current Liabilities		3,670,308		3,130,157
Deferred Rental obligation		—		18,890
Operating lease liabilities long term		231,312		—
Finance leases payable related party, long term		1,713,122		1,218,703
Total Long Term Liabilities		1,944,434		1,237,593
Total Liabilities		5,614,742		4,367,750
Stockholders' Equity:				
Preferred stock, Series A par value $.001; 10,000,000 shares authorized; 1,401,786 shares issued and outstanding in each year		1,402		1,402
Common stock, par value $.001; 250,000,000 shares authorized; 128,439,418 and 128,139,418 shares issued and outstanding in 2019 and 2018, respectively		128,439		128,139
Additional paid in capital		17,456,431		17,409,989
Accumulated deficit		(15,790,076)		(15,735,624)
Total Data Storage Corp Stockholders' Equity		1,796,196		1,803,906
Non-controlling interest in consolidated subsidiary		(68,048)		(27,511)
Total Stockholder's Equity		1,728,148		1,776,395
Total Liabilities and Stockholders' Equity	$	7,342,890	$	6,144,145

The accompanying notes are an integral part of these consolidated Financial Statements.

DATA STORAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	2019	2018
Sales	$ 8,483,608	$ 8,887,402
Cost of sales	4,746,031	5,427,990
Gross Profit	3,737,577	3,459,412
Selling, general and administrative	3,531,053	3,124,052
Income from Operations	206,524	335,360
Other Income (Expense)		
Interest income	250	99
Interest expense	(177,451)	(98,788)
Total Other Income (Expense)	(177,201)	(98,689)
Income before provision for income taxes	29,323	236,671
Provision for income taxes	—	—
Net Income	29,323	236,671
Non-controlling interest in consolidated subsidiary	40,537	23,122
Net Income attributable to Data Storage Corp	69,860	259,793
Preferred Stock Dividends	(124,312)	(113,012)
Net Income (Loss) Attributable to Common Stockholders	$ (54,452)	$ 146,781
Earning (Loss) per Share – Basic	$ 0.00	$ 0.00
Earning (Loss) per Share – Diluted	$ 0.00	$ 0.00
Weighted Average Number of Shares - Basic	128,156,678	128,139,418
Weighted Average Number of Shares - Diluted	128,156,678	131,939,979

The accompanying notes are an integral part of these consolidated Financial Statements.

DATA STORAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve Months Ended December 31,	
	2019	2018
Cash Flows from Operating Activities:		
Net Income	$ 29,323	$ 236,671
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	896,697	602,532
Stock based compensation	41,340	32,003
Changes in Assets and Liabilities:	—	—
Accounts receivable	(160,191)	(124,852)
Other assets	—	9,923
Prepaid expenses and other current assets	87,163	(47,674)
Employee loan	—	3,000
Right of use asset	(324,267)	—
Accounts payable and accrued expenses	(81,862)	(98,774)
Deferred revenue	(2,464)	(89,353)
Deferred rent	(18,890)	17,829
Operating lease liability	332,817	—
Net Cash Provided by Operating Activities	799,666	541,305
Cash Flows from Investing Activities:		
Capital expenditures	(40,355)	(69,783)
Net Cash Used in Investing Activities	(40,355)	(69,783)
Cash Flows from Financing Activities:		
Repayments of capital lease obligations	(741,940)	(347,871)
Cash received for the exercised of options	5,400	—
Advance from Credit Line	75,000	—
Net Cash Used in Financing Activities	(661,540)	(347,871)
Increase in Cash and Cash Equivalents	97,771	123,651
Cash and Cash Equivalents, Beginning of Year	228,790	105,139
Cash and Cash Equivalents, End of Year	$ 326,561	$ 228,790
Supplemental Disclosures:		
Cash paid for interest	$ 177,451	$ 98,788
Cash paid for income taxes	$ —	$ 5,604
Non-cash investing and financing activities:		
Accrual of preferred stock dividend	$ 124,312	$ 113,012
Assets acquired by finance lease	$ 1,560,021	$ —

The accompanying notes are an integral part of these consolidated Financial Statements.

DATA STORAGE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2019

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Non-Controlling	Total Stockholders' Equity/
	Shares	Amount	Shares	Amount	Capital	Deficit	Interest	(Deficit)
Balance, January 1, 2018	1,401,786	$ 1,402	128,139,418	$ 128,139	$ 17,377,986	$ (15,924,376)	$ (4,389)	$ 1,578,762
Stock-based Compensation	—	—	—	—	32,003	—	—	32,003
Net Income	—	—	—	—		259,793	(23,122)	236,671
Cum Adj Adoption of ASC606	—	—	—	—	—	41,971	—	41,971
Preferred Stock	—	—	—	—	—	(113,012)	—	(113,012)
Balance, December 31, 2018	1,401,786	1,402	128,139,418	128,139	17,409,989	(15,735,624)	(27,511)	1,776,395
Stock Options Issued as Compensation	—	—	—	—	15,342	—	—	15,342
Common Stock Issued as Compensation	—	—	200,000	200	25,800	—	—	26,000
Stock Options Exercise			100,000	100	5,300	—	—	5,400
Net Income	—	—	—	—	—	69,860	(40,537)	29,323
Preferred Stock	—	—	—	—	—	(124,312)	—	(124,312)
Balance, December 31, 2019	1,401,786	$ 1,402	128,439,418	$ 128,439	$ 17,456,431	$ (15,790,076)	$ (68,048)	$ 1,728,148

The accompanying notes are an integral part of these consolidated Financial Statements

Note 1 - Basis of Presentation, Organization and Other Matters

Data Storage Corporation ("DSC" or the "Company") provides subscription based, long term agreements for disaster recovery solutions, Infrastructure as a Service (IaaS) and VoIP type solutions.

Headquartered in Melville, NY, with additional offices in Warwick, RI, DSC offers solutions and services to businesses within the healthcare, banking and finance, distribution services, manufacturing, construction, education, and government industries.

DSC derives its revenues from subscription services and solutions, managed services, software and maintenance, equipment and onboarding provisioning. DSC maintains infrastructure and storage equipment in several technical centers in New York, New Jersey, Massachusetts and North Carolina.

Going Concern Analysis

Under ASU 2014-15 Presentation of Financial Statements-Going Concern (Subtopic 205-40) (“ASC 205-40”), the Company has the responsibility to evaluate whether conditions and/or events raise substantial doubt about its ability to meet its future financial obligations as they become due within one year after the date that the financial statements are issued. As required by ASC 205-40, this evaluation shall initially not take into consideration the potential mitigating effects of plans that have not been fully implemented as of the date the financial statements are issued. Management has assessed the Company’s ability to continue as a going concern in accordance with the requirement of ASC 205-40.

As reflected in the consolidated financial statements, the Company had a net income (loss) available to shareholders of $(54,452) and $146,781 for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, DSC had cash of $326,561 and a working capital deficiency of $2,571,583. As a result, these conditions raised substantial doubt regarding our ability to continue as a going concern.

During the year ended December 31, 2019, the Company generated cash from operations of $799,666 with continued revenue growth of subscription solutions as well as improved gross profit margins. Further, the company has no capital expenditure commitments and the company’s offices have been consolidated and fully staffed and with sufficient room for growth.

If necessary, management also determined that it is probable that related party sources of debt financing and capitalized leases can be renegotiated based on management’s history of being able to raise and refinance debt through related parties.

As a result of the current favorable trends of improving cash flow, the Company concluded that the initial conditions which raised substantial doubt regarding the ability to continue as a going concern has been mitigated.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of (i) the Company, (ii) its wholly-owned subsidiary, Data Storage Corporation, a Delaware corporation, and (iii) its majority-owned subsidiary, Nexxis Inc, a Nevada corpoartion. All significant inter-company transactions and balances have been eliminated in consolidation.

Business combinations.

We account for business combinations under the acquisition method of accounting, which requires us to recognize separately from goodwill, the assets acquired, and the liabilities assumed at their acquisition date fair values. While we use our best estimates and assumptions to accurately value assets, acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in our consolidated statements of operations.

Accounting for business combinations requires our management to make significant estimates and assumptions, especially at the acquisition date including our estimates for intangible assets, contractual obligations assumed, restructuring liabilities, pre-acquisition contingencies, and contingent consideration, where applicable. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain of the intangible assets we have acquired include future expected cash flows from product sales, customer contracts and acquired technologies, and estimated cash flows from the projects when completed and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Recently Issued and Newly Adopted Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *“Revenue from Contracts with Customers”* (“ASU 2014-09”), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. In addition, this guidance requires new or expanded disclosures related to the judgments made by companies when following this framework and additional quantitative disclosures regarding contract balances and remaining performance obligations. ASU 2014-09 may be applied using either a full retrospective approach, under which all years included in the financial statements will be presented under the revised guidance, or a modified retrospective approach, under which financial statements will be prepared under the revised guidance for the year of adoption, but not for prior years. Under the latter method, entities will recognize a cumulative catch-up adjustment to the opening balance of retained earnings at the effective date for contracts that still require performance by the entity.

ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those annual reporting periods. The Company developed an implementation plan to adopt this new guidance, which included an assessment of the impact of the new guidance on our financial position and results of operations. On January 1, 2018, the Company adopted the new accounting standard ASC 606, *Revenue from Contracts with Customers* and for all open contracts and related amendments as of January 1, 2018 using the modified retrospective method.

In February 2016, the FASB issued ASU 2016-02, *Leases,* ("ASC 842"), which supersedes FASB ASC 840, *Leases* and provides principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use ("ROU") asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases. The standard is effective for annual and interim periods beginning after December 15, 2018, with early adoption permitted upon issuance. The Company adopted the standard effective January 1, 2019 and recognized operating lease liabilities of $319,236 with corresponding ROU assets of the same amount based on the present value of the remaining rental payments of our office locations.

In October 2016, the FASB issued ASU 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other than Inventory", which eliminates the exception that prohibits the recognition of current and deferred income tax effects for intra-entity transfers of assets other than inventory until the asset has been sold to an outside party. The updated guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption of the update is permitted. The Company is currently evaluating the impact of the new standard.

In January 2017, the FASB issued ASU 2017-04 Intangibles-Goodwill and Other ("ASC 350"): Simplifying the Accounting for Goodwill Impairment ("ASU 2017-04"). ASU 2017-04 simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Instead, under ASU 2017-04, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. ASU 2017-04 is effective for annual or any interim goodwill impairment tests for fiscal years beginning after December 15, 2019 and an entity should apply the amendments of ASU 2017-04 on a prospective basis. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of ASU 2017-04 to have a material impact on its consolidated financial statements.

In July 2017, the FASB issued ASU 2017-11, *Earnings Per Share* ("ASC 260")*, Distinguishing Liabilities from Equity* ("ASC 480")*, and Derivatives and Hedging* ("ASC 815"). ASU 2017-11 is intended to simplify the accounting for financial instruments with characteristics of liabilities and equity. Among the issues addressed are: (i) determining whether an instrument (or embedded feature) is indexed to an entity's own stock; (ii) distinguishing liabilities from equity for mandatorily redeemable financial instruments of certain nonpublic entities; and (iii) identifying mandatorily redeemable non-controlling interests. ASU 2017-11 is effective for the Company on January 1, 2019. The adoption of ASU 2011-11 did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement - Disclosure Framework (Topic 820). The updated guidance improves the disclosure requirements for fair value measurements. We do not believe the updated guidance, which is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2019, will have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other - Internal Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract. This guidance requires companies to apply the internal-use software guidance in Accounting Standards Codification ("ASC") 350-40 to implementation costs incurred in a hosting arrangement that is a service contract to determine whether to capitalize certain implementation costs or expense them as incurred. We do not believe the new guidance, which is effective for fiscal years beginning after December 15, 2019, will have a material impact on our consolidated financial statements.

On January 1, 2019, the Company adopted the requirements of Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standard from the previous guidance (Topic 840) is the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. As part of the transition to the new standard, the Company was required to measure and recognize leases that existed at January 1, 2019 using a modified retrospective approach for leases existing at the effective date. The Company has elected not to recognize a ROU asset and obligation for leases with an initial term of twelve months or less. The adoption of Topic 842 resulted in the recognition of an operating ROU asset and operating lease liability of $351,699 and $356,689, respectively as of January 1, 2019.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 these estimates.

Reclassifications

Certain prior year amounts in the consolidated financial statements and the notes thereto have been reclassified where necessary to conform to the current year presentation. These reclassifications did not affect the prior period total assets, total liabilities, stockholders' deficit, net loss or net cash used in operating activities.

Estimated Fair Value of Financial Instruments

The Company's financial instruments include cash, accounts receivable, accounts payable, line of credit and due to related parties. Management believes the estimated fair value of these accounts at December 31, 2019 approximate their carrying value as reflected in the balance sheets due to the short-term nature of these instruments or the use of market interest rates for debt instruments. The carrying values of certain of the Company's notes payable and capital lease obligations approximate their fair values based upon a comparison of the interest rate and terms of such debt given the level of risk to the rates and terms of similar debt currently available to the Company in the marketplace.

Cash, Cash Equivalents and Short-Term Investments

The Company considers all highly liquid investments with an original maturity or remaining maturity at the time of purchase, of three months or less to be cash equivalents.

Concentration of Credit Risk and Other Risks and Uncertainties

Financial instruments and assets subjecting the Company to concentration of credit risk consist primarily of cash and cash equivalents, short-term investments and trade accounts receivable. The Company's cash and cash equivalents are maintained at major U.S. financial institutions. Deposits in these institutions may exceed the amount of insurance provided on such deposits.

The Company's customers are primarily concentrated in the United States.

The Company provides credit in the normal course of business. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts on factors surrounding the credit risk of specific customers, historical trends, and other information.

For the year ended December 31, 2019, DSC had three customers with an accounts receivable balance representing 38% of total accounts receivable. For the year ended December 31, 2018, DSC had one customer with an accounts receivable balance representing 11% of total accounts receivable.

Accounts Receivable/Allowance for Doubtful Accounts

The Company sells its services to customers on an open credit basis. Accounts receivable are uncollateralized, non-interest-bearing customer obligations. Accounts receivables are typically due within 30 days. The allowance for doubtful accounts reflects the estimated accounts receivable that will not be collected due to credit losses and allowances. Provisions for estimated uncollectible accounts receivable are made for individual accounts based upon specific facts and circumstances including criteria such as their age, amount, and customer standing. Provisions are also made for other accounts receivable not specifically reviewed based upon historical experience. Clients are invoiced in advance for services as reflected in deferred revenue on the Company's balance sheet.

Property and Equipment

Property and equipment is recorded at cost and depreciated over their estimated useful lives or the term of the lease using the straight-line method for financial statement purposes. Estimated useful lives in years for depreciation are 5 to 7 years for property and equipment. Additions, betterments and replacements are capitalized, while expenditures for repairs and maintenance are charged to operations when incurred. As units of property are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. 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 is recognized in income in the period that includes the enactment date. At December 31, 2019 and 2018, the Company had a full valuation allowance against its deferred tax assets.

In December 2017, the 2017 Tax Cuts and Jobs Act (Tax Act) was enacted into law and the new legislation contains several key tax provisions that affected us, including a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. We are required to recognize the effect of the tax law changes in the period of enactment, such as determining the transition tax, re-measuring our U.S. deferred tax assets and liabilities as well as reassessing the net realizability of our deferred tax assets and liabilities.

Per FASB ASC 740-10, disclosure is not required of an uncertain tax position unless it is considered probable that a claim will be asserted and there is a more-likely-than-not possibility that the outcome will be unfavorable. Using this guidance, as of December 31, 2019 and 2018, the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company’s 2018, 2017 and 2016 Federal and State tax returns remain subject to examination by their respective taxing authorities. Neither of the Company’s Federal or State tax returns are currently under examination.

Goodwill and Other Intangibles

In accordance with GAAP, the Company tests goodwill and other intangible assets for impairment on at least an annual basis. Goodwill impairment exists if the net book value of a reporting unit exceeds its estimated fair value. The impairment testing is performed in two steps: (i) the Company determines impairment by comparing the fair value of a reporting unit with its carrying value, and (ii) if there is impairment, the Company measures the amount of impairment loss by comparing the implied fair value of goodwill with the carrying amount of that goodwill. To determine the fair value of these intangible assets, the Company uses many assumptions and estimates using a market participant approach that directly impact the results of the testing. In making these assumptions and estimates, the Company uses industry accepted valuation models and set criteria that are reviewed and approved by various levels of management.

Revenue Recognition

Nature of goods and services

The following is a description of the products and services from which the Company generates revenue, as well as the nature, timing of satisfaction of performance obligations, and significant payment terms for each:

1) Infrastructure as a Service (IaaS) and Disaster Recovery Revenue

Subscription services such as Infrastructure as a Service, Platform as a Service and Disaster Recovery, High Availability, Data Vault Services and DRaaS type solutions (cloud) allows clients to centralize and streamline their technical and mission critical digital information and technical environment. Client's data can be backed up, replicated, archived and restored to meet their back to work objective in a disaster. Infrastructure as a Service (IaaS) assist clients to achieve reliable and cost-effective computing and high availability solutions while eliminating or supplementing Capex.

2) Managed Services

These services are performed at the inception of a contract. The Company offers professional assistance to its clients during the installation processes. On-boarding and set-up services ensure that the solution or software is installed properly and function as designed to provide clients with the best solutions. In addition, clients that are managed service clients have a requirement for DSC to offer time and material billing.

The Company also derives revenues in the area from providing support and management of its software to clients. The managed services include help desk, remote access, annual recovery tests and manufacturer support for equipment and on-gong monitoring of client system performance.

3) Equipment and Software Revenue

The Company provides equipment and software and actively participate in collaboration with IBM to provide innovative business solutions to clients. The company is a partner of IBM and the various software solutions provided to clients.

Disaggregation of revenue

In the following table, revenue is disaggregated by major product line, geography, and timing of revenue recognition (in thousands of USD).

For the Year Ended December 31, 2019	United States	International	Total
Infrastructure & Disaster Recovery/Cloud Service	$ 5,223,868	$ 213,816	$ 5,437,684
Equipment and Software	1,784,658	—	1,784,658
Managed Services	365,767	—	365,767
Professional Fees	411,475	—	411,475
Nexxis VoIP Services	484,024	—	484,024
Total Revenue	$ 8,269,792	$ 213,816	$ 8,483,608

For the Year Ended December 31, 2018	United States	International	Total
Infrastructure & Disaster Recovery/Cloud Service	$ 4,530,722	$ 85,985	$ 4,616,707
Equipment and Software	3,221,704	—	3,221,704
Managed Services	603,716	—	603,716
Professional Fees	315,658	—	315,658
Nexxis VoIP Services	129,617	—	129,617
Total Revenue	$ 8,801,417	$ 85,985	$ 8,887,402

For the Year Ended December 31,		
Timing of revenue recognition	**2019**	**2018**
Products transferred at a point in time	$ 2,196,133	$ 3,537,362
Products and services transferred over time	6,287,475	5,350,040
Total Revenue	$ 8,483,608	$ 8,887,402

Contract receivables are recorded at the invoiced amount and are uncollateralized, non-interest-bearing client obligations. Provisions for estimated uncollectible accounts receivable are made for individual accounts based upon specific facts and circumstances including criteria such as their age, amount, and client standing.

Sales are generally recorded in the month the service is provided. For clients who are billed on an annual basis, deferred revenue is recorded and amortized over the life of the contract.

Transaction price allocated to the remaining performance obligations

The Company has the following performance obligations:

1)<u>Disaster Recovery (“DR”)</u>: subscription-based service that instantly encrypted and transfers data to secure location further replicates the data to a second DSC data center where it remains encrypted. Provides 10 hour or less recovery time

2)<u>Data Vaulting</u>: subscription-based cloud backup solution that uses advanced data reduction technology to shorten restore time

3)<u>High Availability (“HA”)</u>: subscription-based service which offers cost-effective mirroring replication technology and provides one (1) hour or less recovery time

4)<u>Infrastructure as a Service (“IaaS”)</u>: subscription-based service offers “capacity on-demand” for IBM Power and Intel server systems

5)<u>Message Logic</u>: subscription-based service offers cost effective email archiving, data analytics, compliance monitoring and retrieval of email messages which cannot be deleted

6)<u>Internet</u>: subscription-based service offers continuous internet connection in the event of outages

7)<u>Support and Maintenance</u>: subscription-based service offers support for servers, firewalls, desktops or software and ad hoc support and help desk

8)<u>Initial Set-Up Fees</u>: on boarding and set-up services

9)<u>Equipment sales</u>: sale of servers to the end user

10)<u>License</u>: granting SSL certificates and other licenses

<u>Disaster Recovery with Stand-By Servers, High Availability, Data Vaulting, IaaS, Message Logic, Support and Maintenance, and Internet</u>

Subscription services such as the above allows clients to access a set of data or receive services for a predetermined period of time. As the client obtains access at a point in time but continues to have access for the remainder of the subscription period, the client is considered to simultaneously receive and consume the benefits provided by the entity’s performance as the entity performs. Accordingly, the related performance obligation is considered to be satisfied ratably over the contract term. As the performance obligation is satisfied evenly across the term of the contract, revenue should be recognized on a straight-line basis over the contract term.

<u>Initial Set-Up Fees</u>

The Company accounts for set-up fees as separate performance obligation. Set-up services are performed one time and accordingly the revenue should be recognized at the point in time that the service is performed, and the Company is entitled to the payment.

<u>Equipment sales</u>

For the Equipment sales performance obligation, the control of the product transfers at a point in time (i.e., when the goods have been shipped or delivered to the client’s location, depending on shipping terms). Noting that the satisfaction of the performance obligation, in this sense, does not occur over time as defined within ASC 606-10-25-27 through 29, the performance obligation is considered to be satisfied at a point in time (ASC 606-10-25-30) when the obligation to the client has been fulfilled (i.e., when the goods have left the shipping facility or delivered to the client, depending on shipping terms).

<u>License – granting SSL certificates and other licenses</u>

In the case of Licensing performance obligation, the control of the product transfers either at point in time or over time depending on the nature of the license. The revenue standard identifies two types of licenses of IP: a right to access IP and a right to use IP. To assist in determining whether a license provides a right to use or a right to access IP, ASC 606 defines two categories of IP: Functional and Symbolic. The Company’s license arrangements typically do not require the Company to make its proprietary content available to the client either through a download or through a direct connection. Throughout the life of the contract the Company does not continue to provide updates or upgrades to the license granted. Based on the guidance, the Company considers its license offerings to be akin to functional IP and will recognize revenue at the point in time the license is granted and/or renewed for a new period.

Payment terms

The terms of the contracts typical range from 12 to 36 months with auto-renew options. The Company invoices clients one month in advance for its services plus any overages or additional services provided.

Warranties

The Company offers guaranteed service levels and performance and service guarantees on some of its contracts. These warrantees are not sold separately and according to ASC 606-10-50-12(a) are accounted as "assurance warranties".

Significant judgement

In the instances that contract have multiple performance obligation, the Company uses judgment to establish stand-alone price for each performance obligation separately. The price for each performance obligation is determined by reviewing market data for similar services as well as the Company's historical pricing of each individual service. The sum of each performance obligation was calculated to determine the aggregate price for the individual services. Next the proportion of each individual service to the aggregate price was determined. That ratio was applied to the total contract price in order to allocate the transaction price to each performance obligation.

Impairment of Long-Lived Assets

In accordance with FASB ASC 360-10-35, we review our long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset might not be recoverable. An impairment loss, measured as the amount by which the carrying value exceeds the fair value, is recognized if the carrying amount exceeds estimated undiscounted future cash flows.

Advertising Costs

The Company expenses the costs associated with advertising as they are incurred. The Company incurred a net impact of $259,920 and $216,784 for advertising costs for the years ended December 31, 2019 and 2018, respectively.

Stock Based Compensation

DSC follows the requirements of FASB ASC 718-10-10, *Share Based Payments* with regards to stock-based compensation issued to employees. DSC has agreements and arrangements that call for stock to be awarded to the employees and consultants at various times as compensation and periodic bonuses. The expense for this stock-based compensation is equal to the fair value of the stock price on the day the stock was awarded multiplied by the number of shares awarded.

The valuation methodology used to determine the fair value of the options issued during the year was the Black-Scholes option-pricing model. The Black-Scholes model requires the use of a number of assumptions including volatility of the stock price, the average risk- free interest rate, and the weighted average expected life of the options. Risk–free interest rates are calculated based on continuously compounded risk–free rates for the appropriate term. The dividend yield is assumed to be zero as the Company has never paid or declared any cash dividends on its Common stock and does not intend to pay dividends on its Common stock in the foreseeable future. The expected forfeiture rate is estimated based on management's best estimate.

Estimated volatility is a measure of the amount by which DSC's stock price is expected to fluctuate each year during the expected life of the award. DSC's calculation of estimated volatility is based on historical stock prices of these entities over a period equal to the expected life of the awards. DSC uses the historical volatility of peer entities due to the lack of sufficient historical data of its stock price.

Net Income (Loss) Per Common Share

In accordance with FASB ASC 260-10-5 Earnings Per Share, basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income (loss) adjusted for income or loss that would result from the assumed conversion of potential common shares from contracts that may be settled in stock or cash by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period.

The following table sets forth the information needed to compute basic and diluted earnings per share for the years ended December 31, 2019 and 2018:

	December 31,	
	2019	2018
Net Income (Loss) Available to Common Shareholders	$ (54,452)	$ 146,781
Weighted average number of common shares - basic	128,156,678	128,139,418
Dilutive securities		
Options	—	3,667,227
Warrants	—	133,334
Weighted average number of common shares - diluted	128,156,678	131,939,979
Earnings (Loss) per share, basic	$ 0.00	$ 0.00
Earnings (Loss) per share, diluted	$ 0.00	$ 0.00

The following table sets forth the number of potential shares of common stock that have been excluded from diluted net income (loss) per share net income (loss) per share because their effect was anti-dilutive:

	December 31,	
	2019	2018
Options	8,425,824	2,098,292
Warrants	133,334	—
	8,559,158	2,098,292

Note 3 - Property and Equipment

Property and equipment, at cost, consist of the following:

	December 31, 2019	December 31, 2018
Storage equipment	$ 756,236	$ 756,236
Website and software	533,417	533,418
Furniture and fixtures	27,131	25,975
Leasehold improvements	16,846	13,104
Computer hardware and software	1,218,464	1,211,658
Data center equipment	4,341,993	2,753,320
	6,894,087	5,293,711
Less: Accumulated depreciation	4,705,256	4,005,338
Net property and equipment	$ 2,188,831	$ 1,288,373

Depreciation expense for the years ended December 31, 2019 and 2018 was $699,918 and $405,199, respectively.

Note 4 - Goodwill and Intangible Assets

Goodwill and intangible assets consisted of the following:

	Estimated life in years	December 31, 2019 Gross amount	Accumulated Amortization	Net
Intangible assets not subject to amortization				
Goodwill	Indefinite	$ 3,015,700	$ —	$ 3,015,700
Trademarks	Indefinite	294,268	—	294,268
Total intangible assets not subject to amortization		3,309,968	—	3,309,968
Intangible assets subject to amortization				
Customer lists	5 - 15	897,274	897,274	—
ABC acquired contracts	5	310,000	196,334	113,666
SIAS acquired contracts	5	660,000	418,000	242,000
Non-compete agreements	4	272,147	272,147	-
Total intangible assets subject to amortization		2,139,421	1,783,755	355,666
Total Goodwill and Intangible Assets		$ 5,449,389	$ 1,783,755	$ 3,665,634

Scheduled amortization over the next two years as follows:

Years ending December 31,	
2020	$ 194,000
2021	161,666
Total	$ 355,666

Amortization expense for the years ended December 31, 2019 and 2018 were $196,779 and $197,333 respectively.

Note 5 –Leases

Operating Leases

The Company currently has three leases for office space, with two offices located in Melville, NY, and one office in Warwick, RI.

The first lease for office space in Melville, NY, was assumed as part of the Company's acquisition of ABC in 2016, and called for monthly payments of $8,382 and expiring August 31, 2019. Upon termination of the lease in August 2019, the Company entered into a new lease for a technology lab in a smaller space commencing on September 1, 2019. The term of this lease is for three years and 11 months and runs co-terminus with our existing lease in the same building. The base annual rent is $10,764 payable in equal monthly installments of $897.

A second lease for office space in Melville, NY, was entered into on November 20, 2017, which commenced on April 2, 2018. The term of this lease is five years and three months at $86,268 per year with an escalation of 3% per year with an ending date of July 31, 2023.

The Company leases rack space in New York, Massachusetts and North Carolina. These leases are month to month and the monthly rent is approximately $25,000.

Subsequent to December 31, 2019, theCompany entered into a new rack space lease agreement in Dallas, TX. The lease term is 13 months and requires monthly payments of $1,905.

The lease for office space in Warwick, RI, calls for monthly payments of $2,324 beginning February 1, 2015 which escalated to $2,460 on February 1, 2017. This lease commenced on February 1, 2015 and expired on January 31, 2019. The Company extended this lease until January 31, 2020. The annual base rent shall be $30,348 payable in equal monthly installments of $2,529.

Finance Lease Obligations – Related Party

On April 1, 2018, the Company entered into a lease agreement with Systems Trading Inc. ("Systems Trading") to refinance all leases into one lease. This lease obligation is payable to Systems Trading with bi-monthly installments of $23,475. The lease carries an interest rate of 5% and is a four -year lease. The term of the lease ends April 16, 2022. Systems Trading is owned and operated by the Company's President, Hal Schwartz.

On January 1, 2019, the Company entered into a lease agreement with Systems Trading. This lease obligation is payable to Systems Trading with monthly installments of $29,592. The lease carries an interest rate of 6.75% and is a five-year lease. The term of the lease ends December 31, 2023.

On April 1, 2019, the Company entered into two lease agreements with Systems Trading to add new data center equipment. The first lease calls for monthly payments of $1,328 and expires on March 1, 2022. It carries an interest rate of 7%. The second lease calls for monthly payments of $461 and expires on March 1, 2022. It carries an interest rate of 6.7%.

On January 1, 2020, the Company entered into a new lease agreement with Systems Trading Inc. to lease equipment. The lease obligation is payable to Systems Trading with monthly installments of $10,534. The lease carries an interest rate of 6% and is a three-year lease. The term of the lease ends January 1, 2023.

We determine if an arrangement contains a lease at inception. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Our lease term includes options to extend the lease when it is reasonably certain that we will exercise that option. Leases with a term of 12 months or less are not recorded on the balance sheet, per the election of the practical expedient noted above. ROU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. We recognize lease expense for these leases on a straight-line basis over the lease term. We recognize variable lease payments in the period in which the obligation for those payments is incurred. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date, otherwise variable lease payments are recognized in the period incurred. A discount rate of 7% was used in preparation of the ROU asset and operating liabilities.

The components of lease expense were as follows:

		Year Ended December 31, 2019
Finance lease:		
Amortization of assets, included in depreciation and amortization expense	$	674,040
Interest on lease liabilities, included in interest expense		174,322
Operating lease:		
Amortization of assets, included in total operating expense		69,428
Interest on lease liabilities, included in total operating expense		24,168
Total net lease cost	$	941,958

Supplemental balance sheet information related to leases was as follows

Operating Leases

Operating lease ROU asset	$	324,267
Current operating lease liabilities		101,505
Noncurrent operating lease liabilities		231,312
Total operating lease liabilities	$	332,817

	December 31, 2019
Finance leases:	
Property and equipment, at cost	$ 3,596,400
Accumulated amortization	(1,524,552)
Property and equipment, net	2,071,848
Current obligations of finance leases	$ 833,148
Finance leases, net of current obligations,	1,713,122
Total finance lease liabilities	$ 2,546,270

Supplemental cash flow and other information related to leases was as follows:

	Year Ended December 31, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows related to operating leases	$ 8,550
Financing cash flows related to finance leases	$ 741,940
Weighted average remaining lease term (in years):	
Operating leases	8.12
Finance leases	2.71
Weighted average discount rate:	
Operating leases	7.00%
Finance leases	6.00%

Long-term obligations under the operating and finance leases at December 31, 2019 mature as follows:

For the Year ending December 31,	Operating Leases	Finance Leases
2020	$ 101,505	$ 939,972
2021	104,549	939,972
2022	107,718	571,498
2023	64,284	355,104
2024	—	—
Total lease payments	378,055	2,806,546
Less: Amounts representing interest	(45,239)	(260,276)
Total lease obligations	332,817	2,546,270
Less: Current	(101,505)	(833,148)
	$ 231,312	$ 1,713,122

As of December 31, 2019, we had no additional significant operating or finance leases that had not yet commenced. Rent expense under all operating leases for the twelve months ended December 31, 2019 and 2018 was $228,881 and $251,814, respectively.

Note 6 - Commitments and Contingencies

Revolving Credit Facility

On January 31, 2008, the Company entered into a revolving credit line with a bank. The credit facility provides for $100,000 at prime plus 0.5% and is secured by all assets of the Company and personally guaranteed by the Company's principal shareholder. As of December 31, 2019, and 2018 the balance was $75,000 and $0 respectively.

Note 7 – Long Term Debt

Note Payable

In connection with the 2012 acquisition of Message Logic, LLC, the Company acquired software subject to a UCC filing in the amount of $350,000 plus accrued interest. On September 5, 2014 the Company entered into an agreement whereby the Company paid all arrears interest over 7 months at $3,910 per month. In addition, the Company agreed to make monthly interest payments at $1,553 per month with the principal balance of $350,000 payable on April 30, 2016. The Company stopped making interest only payments on October 25, 2018. There has been no default notice from the bank. The Company is in the process of negotiating a final settlement.

Note 8 - Stockholders' (Deficit)

Capital Stock

The Company has 260,000,000 authorized shares of capital stock, consisting of 250,000,000 shares of common stock, par value $0.001, and 10,000,000 shares of Preferred Stock, par value $0.001 per share.

During the year ended December 31, 2019, the Company issued to its Chief Technology Officer 200,000 shares of common stock as compensation with a total value of $26,000.

Common Stock Options

2008 Equity Incentive Plan

In October 2008, the Company adopted, the Euro Trend, Inc. 2008 Equity Incentive Plan (the "2008 Plan). Under the 2008 Plan, we may grant options (including incentive stock options) to purchase our common stock or restricted stock awards to our employees, consultants or non-employee directors. The 2008 Plan is administered by the Board of Directors. Awards may be granted pursuant to the 2008 Plan for 10 years from the effective date of the 2008 Plan. Any grant under the 2008 Plan may be repriced, replaced or regranted at the discretion of the Board of Directors. From time to time, we may issue awards pursuant to the 2008 Plan.

The material terms of options granted under the 2008 Plan (all of which have been nonqualified stock options) are consistent with the terms described in the footnotes to the "Outstanding Equity Awards at Fiscal Year-End December 31, 2017" table below, including five-year graded vesting schedules and exercise prices equal to the fair market value of our common stock on the date of grant. Stock grants made under the 2008 Plan have not been subject to vesting requirements. The 2008 Plan was terminated with respect to the issuance of new awards as of February 3, 2013. There are 369,839 options outstanding under the 2008 Plan as of December 31, 2019.

2010 Incentive Award Plan

On August 12, 2010, the Company adopted the Data Storage Corporation 2010 Incentive Award Plan (the "2010 Plan") with 2,000,000 shares of common stock available for issuance under the terms of the 2010 Plan. On April 23, 2012, the Company amended and restated the 2010 Plan to change the name of the 2010 Plan to the "Amended and Restated Data Storage Corporation Incentive Award Plan" (the "Plan"). On September 25, 2013, by written consent in lieu of a meeting by the stockholders owning a majority of the outstanding shares of Common Stock of the Company and by unanimous written consent of the Board of Directors in lieu of a meeting, the Plan was amended and restated to reserve 5,000,000 shares of common stock available for issuance under the terms of the Plan. On June 20, 2017, by written consent in lieu of a meeting by the stockholders owning a majority of the outstanding shares of Common Stock of the Company and by unanimous written consent of the Board of Directors in lieu of a meeting, the Plan was amended and restated to reserve 8,000,000 shares of common stock available for issuance under the terms of the Plan. On July 1, 2019, by written consent in lieu of a meeting by the stockholders owning a majority of the outstanding shares of Common Stock of the Company and by unanimous written consent of the Board of Directors in lieu of a meeting, the Plan was amended and restated to reserve 10,000,000 shares of common stock available for issuance under the terms of the Plan The Plan is intended to promote the interests of the Company by attracting and retaining exceptional employees, consultants, directors, officers and independent contractors (collectively referred to as the "Participants") and enabling such Participants to participate in the long-term growth and financial success of the Company. Under the Plan, the Company may grant stock options, which are intended to qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, stock appreciation rights and restricted stock awards, which are restricted shares of common stock (collectively referred to as "Incentive Awards"). Incentive Awards may be granted pursuant to the Plan for 10 years from the Effective Date. From time to time, we may issue Incentive Awards pursuant to the Plan. Each of the awards will be evidenced by and issued under a written agreement. There are 8,055,985 options outstanding under the Plan as of December 31, 2019.

If an incentive award granted under the Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to us in connection with an incentive award, the shares subject to such award and the surrendered shares will become available for future awards under the Plan. The number of shares subject to the Plan, and the number of shares and terms of any Incentive Award may be adjusted in the event of any change in our outstanding common stock by reason of any stock dividend, spin-off, stock split, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares, or similar transaction.

There are 1,944,015 shares available for future grants under the plans.

A summary of the Company's option activity and related information follows:

	Number of Shares Under Options	Range of Option Price Per Share	Weighted Average Exercise Price
Options Outstanding at January 1, 2018	5,052,148	$ 0.02 – 0.85	$ 0.28
Options Granted	1,022,004	0.35 – 0.65	0.37
Expired/Cancelled	(308,633)	0.02 – 0.14	0.27
Options Outstanding at December 31, 2018	5,765,519	$ 0.02 – 0.65	$ 0.26
Options Granted	2,852,537	0.05	0.05
Exercised	(100,000)	0.05	0.05
Expire/Cancelled	(92,232)	0.05	0.05
Options Outstanding at December 31, 2019	8,425,824	$ 0.05 – 0.65	$ 0.17
Options Exercisable at December 31, 2019	4,599,199	$ 0.05 – 0.65	$ 0.21

Share-based compensation expense for options totaling $15,340 and $32,003 was recognized in our results for the year ended December 31, 2019 and 2018, respectively based on awards vested.

The valuation methodology used to determine the fair value of the options issued during the year was the Black-Scholes option-pricing model. The Black-Scholes model requires the use of a number of assumptions including volatility of the stock price, the average risk-free interest rate, and the weighted average expected life of the options.

The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the term of the options.

Estimated volatility is a measure of the amount by which the Company's stock price is expected to fluctuate each year during the expected life of the award. The Company's calculation of estimated volatility is based on historical stock prices of these peer entities over a period equal to the expected life of the awards. The Company uses the historical volatility of peer entities due to the lack of sufficient historical data of its stock price.

As of December 31, 2019, there was $378,360 of total unrecognized compensation expense related to unvested employee options granted under the Company's share-based compensation plans that is expected to be recognized over a weighted average period of approximately 3 year.

The weighted average fair value of options granted, and the assumptions used in the Black-Scholes model during the year ended December 31, 2019 are set forth in the table below.

	2019	2018
Weighted average fair value of options granted	$ 0.05	$ 0.05
Risk-free interest rate	1.79%	2.86%
Volatility	225%	85%
Expected life (years)	10	10
Dividend yield	0.00%	0.00%

Common Stock Warrants

A summary of the Company's warrant activity and related information follows:

	Number of Shares Under Warrants	Range of Warrants Price Per Share	Weighted Average Exercise Price
Warrants Outstanding at January 1, 2018	133,334	$ 0.01	$ 0.01
Warrants Granted	—	—	—
Warrants Outstanding at December 31, 2018	133,334	$ 0.01	$ 0.01
Warrants Granted	—	—	—
Warrants Outstanding at December 31, 2019	133,334	$ 0.01	$ 0.01
Warrants Exercisable at December 31, 2019	133,334	$ 0.01	$ 0.01

Preferred Stock

Liquidation preference

Upon any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any Common Stock, the holders of Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation legally available for distribution to stockholders, for each share of Series A Preferred Stock held by such holder, an amount per share of Series A Preferred Stock equal to the Original Issue Price for such share of Series A Preferred Stock plus all accrued and unpaid dividends on such share of Series A Preferred Stock as of the date of the Liquidation Event.

Conversion

The number of shares of Common Stock to which a share of Series A Preferred Stock may be converted shall be the product obtained by dividing the Original Issue Price of such share of Series A Preferred Stock by the then-effective Conversion Price (as defined herein) for such share of Series A Preferred Stock. The Conversion Price for the Series A Preferred Stock shall initially be equal to $0.02 and shall be adjusted from time to time.

Voting

Each holder of shares of Series A Preferred Stock shall be entitled to the number of votes, upon any meeting of the stockholders of the Corporation (or action taken by written consent in lieu of any such meeting) equal to the number of shares of Class B Common Stock into which such shares of Series A Preferred Stock could be converted.

Dividends

Each share of Series A Preferred Stock, in preference to the holders of all Common Stock (as defined below), shall entitle its holder to receive, but only out of funds that are legally available therefore, cash dividends at the rate of ten percent (10%) per annum from the Original Issue Date on the Original Issue Price for such share of Series A Preferred Stock, compounding annually unless paid by the Corporation. Accrued dividends at December 31, 2019 and 2018 were $970,997 and $846,685, respectively.

Note 9 - Income Taxes

Due to losses, the Company did not have current income tax expense.

The components of deferred taxes are as follows:

Deferred Tax Assets:

	2019	2018
Net operating loss carry-forward	$ 1,419,000	$ 1,369,024
Less: valuation allowance	(1,419,000)	(1,369,024)
Net deferred tax asset	$ —	$ —

The Company had federal and state net operating tax loss carry-forwards of $5,128,000 and $4,670,000, respectively as of December 31, 2019. The tax loss carry-forwards are available to offset future taxable income with the federal and state carry-forwards beginning to expire in 2028.

In 2019 and 2018, net deferred tax assets did not change due to the full allowance. The gross amount of the asset is entirely due to the net operating loss carry forward. The realization of the tax benefits is subject to the sufficiency of taxable income in future years. The combined deferred tax assets represent the amounts expected to be realized before expiration.

The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. As a result of this analysis of all available evidence, both positive and negative, the Company concluded that it is more likely than not that its net deferred tax assets will ultimately not be recovered and, accordingly, a valuation allowance was recorded as of December 31, 2019 and 2018.

The difference between the expected income tax expense (benefit) and the actual tax expense (benefit) computed by using the Federal statutory rate of 21% is as follows:

	Year Ended December 31,	
	2019	2018
Expected income tax benefit (loss) at statutory rate of 21%	$ 22,000	$ 44,303
State and local tax benefit, net of federal	7,500	14,979
Change in valuation account	(29,500)	(59,282)
Income tax expense (benefit)	$ —	$ —

Note 10 - Litigation

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

Note 11 – Related Party Transactions

Finance Lease Obligations – Related Party

During the years ended December 31, 2019 and 2018 the Company entered into three different related party finance lease obligations. See Note 5 for details.

Nexxis Capital

Charles Piluso and Harold Schwartz collectively own 100% of Nexxis Capital LLC ("Nexxis Capital"). Nexxis Capital was formed to purchase equipment and provide leases to Nexxis Inc.'s customers.

The Company received funds of $12,794 during the year-ended December 31, 2019.

Note 12 - Subsequent Events

On February 7, 2020, options were exercised to obtain 100,000 shares of common stock. These options were exercised at $0.054.

On February 10, 2020, Harold Schwartz resigned as Treasurer of the Company and Charles M. Piluso was appointed as the Company's Treasurer. In addition, on February 10, 2020, Thomas Kempster resigned as Secretary of the Company and was appointed as Executive Vice President of the Company, and Wendy Schmittzeh was appointed as the Company's Secretary.

There is no understanding or arrangement between Mrs. Schmittzeh and any other person pursuant to which she was appointed as Secretary. Mrs. Schmittzeh does not have any family relationship with any director, executive officer or person nominated or chosen by us to become a director or an executive officer. Since January 1, 2019, Mrs. Schmittzeh has not had a direct or indirect material interest in any transaction or proposed transaction, in which the Company was or is a proposed participant exceeding $120,000.

Wendy Schmittzeh is a veteran management professional with over 30 years of corporate experience. From 2011 through the present, Mrs. Schmittzeh has served as Manager of Administration for the Company. While serving in her management role, Ms. Schmittzeh has been instrumental in numerous operational aspects of the Company's business, including mergers and acquisitions transactions, accounting, corporate administration, office management, human resources, corporate office relocations, facilities management and high-level executive support. Ms. Schmittzeh received an Associate's Degree in Secretarial Arts from Katharine Gibbs College in 1991. Ms. Schmittzeh currently serves as a Vestry member at St. Ann's Episcopal Church, and has held several board positions on the Suffolk County Bicycle Riders Association.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report, under the supervision and with the participation of DSC's management, including its principal executive officer and principal financial officer, DSC conducted an evaluation of its disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, DSC's principal executive officer and principal financial officers have concluded that DSC's disclosure controls and procedures are not effective to ensure that information required to be disclosed by DSC in the reports it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's (the "SEC") rules based on the material weakness described below.

Management's Report on Internal Control Over Financial Reporting

DSC's management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. DSC's internal control over financial reporting is designed to provide reasonable assurance to DSC's management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with United States' generally accepted accounting principles ("GAAP"), including those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of DSC, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures are being made only in accordance with authorizations of DSC's management and directors and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of DSC's assets that could have a material effect on the financial statements.

Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992. Management's assessment included an evaluation of the design of DSC's internal control over financial reporting and testing of the operational effectiveness of our internal control over financial reporting. Based on this evaluation, management has determined that as of December 31, 2019, there were material weaknesses in our internal control over financial reporting. The material weaknesses identified during management's assessment were (i) a lack of sufficient internal accounting expertise to provide reasonable assurance that our financial statements and notes thereto are prepared in accordance with GAAP and (ii) a lack of segregation of duties to ensure adequate review of financial statement preparation. In light of these material weaknesses, management has concluded that, as of December 31, 2019, DSC did not maintain effective internal control over financial reporting. As defined by the Public Company Accounting Oversight Board Auditing Standard No. 5, a material weakness is a deficiency or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected. In order to ensure the effectiveness of DSC's disclosure controls in the future, DSC intends on adding financial staff resources to our accounting and finance department.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

This Annual Report does not include an attestation report of DSC's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by DSC's registered public accounting firm pursuant to rules of the SEC that permit DSC to provide only management's report in this Annual Report.

Changes in Internal Control over Financial Reporting

There have been no significant changes in DSC's internal control over financial reporting during the most recently completed fiscal quarter ended December 31, 2018 that have materially affected, or is reasonably likely to materially affect, DSC's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the names, ages, and positions of DSC's executive officers and directors as of the December 31, 2019. Executive officers are elected annually by DSC's Board of Directors. Each executive officer holds his office until he resigns, is removed by the Board, or his successor is elected and qualified. Each director holds his office until his successor is elected and qualified or his earlier resignation or removal.

Name	Age	Position
Charles M. Piluso	66	Chairman of the Board, Chief Executive Officer, Chief Financial Officer
Harold J. Schwartz	53	Director, Treasurer, President
Thomas C. Kempster	51	Director, Corporate Secretary, President of Technical Operations
John Argen	64	Director
Joseph B. Hoffman	61	Director
Lawrence A. Maglione Jr.	57	Director
Cliff Stein	61	Director
John Coghlan	63	Director
Matthew Grover	51	Director
Todd Correll	52	Director

Charles M. Piluso, President. Mr. Piluso is DSC's Chief Executive Officer, Chief Financial Officer and Chairman of the Board. Prior to founding DSC in 2001, Mr. Piluso founded North American Telecommunication Corporation a facilities-based Competitive Local Exchange Carrier licensed by the Public Service Commission in ten states, serving as the company's Chairman and President from 1997 to 2000. Between 1990 and 1997, Mr. Piluso served as Chairman & Founder of International Telecommunications Corporation ("ITC"), a facilities-based international carrier licensed by the Federal Communications Commission. ITC participated in a consolidation strategy that went public in 1997 for 800 million dollars. Mr. Piluso holds a bachelor's degree, a Master of Arts in Political Science and Public Administration and a Masters of Business Administration all from St. John's University. He was an Instructor Professor at St. John's University, College of Business from 1986 through 1988. From 2001 to 2013, served on the Board of Trustees of Molloy College. Mr. Piluso served on the Board of Governors at St. John's University from 2001 to 2016 and Governor Emeritus; and, is currently serving on the Board of Advisors for the Nassau County Police Department Foundation.

Harold J. Schwartz. Mr. Schwartz is DSC's President and Treasurer and serves as a Director. Since 1995, Mr. Schwartz has served as vice president of ABC Services, Inc., which he co-founded, where he was responsible for the strategic direction of the company, operations, business development and sales. Over the past two decades, Mr. Schwartz has honed his expertise in IBM business systems, business continuity and helping organizations increase IT performance while reducing costs. In addition, Mr. Schwartz is the founder of Systems Trading, Inc., a technology leasing company established in 1997, where Mr. Schwartz serves as the company's CEO and president. Prior to founding these two businesses, Mr. Schwartz was with CAC Leasing for six years, where he started a lease asset sales division in 1991. This division was established shortly after Mr. Schwartz earned his bachelor's degree in business from California State University in San Bernardino. Since 2010, Mr. Schwartz has served on the Board of Advisors for Data Storage Corporation.

Thomas C. Kempster. Mr. Kempster is DSC's President of Technical Operations and Secretary and serves as a Director. Prior to DCS's acquisition of ABC, Mr. Kempster founded and developed ABC into one of New York's oldest and most trusted solutions providers specializing in IBM power environments since 1994. As President, Tom was the company's visionary and is responsible for developing strategic partnerships with many industry leaders such as IBM, Microsoft, and VMware to build a successful solution-driven business. ABC Services, with the help of its strategic partnerships works with organizations across the United States and continues to expand its reach. Tom began his career in 1985 as a computer technician at Systems Configuration Services (SCS) where he was trained on IBM System 3x hardware and software operating systems. In 1989, he was hired by Diversified Data Corp. as their general manager to assist in building a Technical Division to support IBM-specific sales. Tom spearheaded the service division into a successful and profitable entity within 36 months. He then joined CAC Leasing where his business development experiences further inspired his vision to form ABC Services.

John Argen. Mr. Argen has been a Director since 2008. Mr. Argen is a Business Consultant and Developer specializing in the information technology, telecommunications and construction industries. He is a seasoned professional that brings 30 years of experience and entrepreneurial success from working with small business owners to Fortune 500 firms. From 1992 to 2003, Mr. Argen was the CEO and founder of DCC Systems, a privately held nationwide Technology Design / Build Construction Development and Consulting Solutions firm. Mr. Argen built DCC Systems from the ground up, re-engineering the firm several times to meet the needs of its clientele and enabled DCC Systems to produce gross revenues exceeding 100 million dollars in 2000. Mr. Argen has been a guest speaker at numerous corporate seminars and industry shows. He has been featured on NBC's "Business Now" which accredited his Technology Construction Management methodology as an innovative process for implementing high tech projects on time and within budget. Prior to DCC Systems Mr. Argen held senior management positions at ITT/Metromedia (15 years) and was VP of Engineering & Operations at DataNet, a Wilcox & Gibbs company (2 years). Throughout his corporate tenure, he has worked in Operations, Marketing, Systems Engineering, Telecommunications and Information Technology. In a career that spans 30 years he has had full responsibility for technology related and construction projects worth over a billion dollars. Mr. Argen graduated Pace University with a BPS in Finance. His commitment to continued education is reflected in his completion to over 2000 hours of corporate sponsored courses. Mr. Argen also holds a Federal Communication Commission (FCC) Radio Telephone 1st Class License.

Joseph B. Hoffman. Mr. Hoffman has been a Director since 2008. Mr. Hoffman is a partner at Kelley Drye & Warren LLP in the firm's Washington, D.C. office. His commercial practice focuses on real estate and corporate transactions cutting across a wide range of industries. Mr. Hoffman's real estate practice involves developers, borrowers, lenders, buyers, sellers, landlords and tenants. Mr. Hoffman's corporate experience includes the purchase and sale of assets and companies as well as venture capital, equipment leasing and institutional financing transactions. Mr. Hoffman represents telecommunications companies, real estate developers, lenders, venture capital funds, emerging growth companies, thoroughbred horse industry interests and high net-worth individuals. Mr. Hoffman received his Bachelors' of Science, *cum laude*, from the University of Maryland and his Juris Doctor degree, with honors, from the George Washington University Law School.

Lawrence A. Maglione. Mr. Maglione has been a Director since 2008. Mr. Maglione is a partner in the accounting firm Eisner & Maglione CPAs, LLC. Mr. Maglione, a co-founder of DSC, LLC, is a financial management veteran with more than 30 years of experience. Prior to joining DSC, LLC Mr. Maglione was a co-founder of North American Telecommunications Corporation, a local phone service provider which provides local and long-distance telephone services and data connectivity to small and medium sized businesses. At North American Telecommunications Corporation Mr. Maglione was Chief Financial Officer, Executive Vice President and was responsible for all finance, legal and administration. During his tenure (September 1997-January 2001) Mr. Maglione successfully raised over $100 million in debt and equity funding for North American Telecommunications Corporation. Prior to North American Telecommunications Corporation Mr. Maglione spent over 14 years in public accounting and he brings a broad range of experience related to companies in the technology, retail services and manufacturing industries. Mr. Maglione is a member of the New York State Society of CPAs. He holds a Bachelor of Science degree in Accountancy; a Master of Science in Taxation and is a Certified Public Accountant.

Cliff Stein. Mr. Stein has been a Director since 2010. Mr. Stein founded Savitar in 1988 as a real estate advisory company providing assistance to beleaguered lenders and financial institutions on their nonperforming real estate assets. Mr. Stein has acted as an expert witness in countless litigation matters involving real estate transactions and has been appointed as a Receiver, Examiner, and Trustee in State and Federal Courts. Mr. Stein is an attorney and a member of the Florida Bar Association since 1982. He received his Juris Doctor Degree from the University of Miami. He was graduated with honors by American University with Bachelor of Science Degrees in finance and accounting. From September 1982 through 1984, he served as a law clerk to the Honorable Joseph A. Gassen, U.S. Bankruptcy Judge for the Southern District of Florida. In 1988, Mr. Stein formed Savitar Realty Advisors, as a real estate advisory and management organization, whose clients were primarily financial institutions and government agencies. Savitar (or Cliff Stein) has been appointed Receiver, Examiner, or Trustee in numerous foreclosures or bankruptcies and has been retained as advisor to financial institutions in connection with their troubled assets or their intended acquisition of portfolios of troubled assets. Mr. Stein currently serves as Chairman and Chief Executive Officer of Savitar. Mr. Stein served as a member of the Board of Directors of Cenvill Development, formerly a $500 million, publicly-traded real estate concern, having been appointed to the Board by the FDIC to represent its interest as the single-largest shareholder. Mr. Stein was appointed in 1993 by the Governor of Florida to serve as a Commissioner on the Florida Real Estate Commission, which appointment was subsequently ratified by the Florida Senate. In January 1996, Mr. Stein was elected to be the Chairman of the Commission. Mr. Stein recently concluded his second and final term.

John Coghlan. Mr. Coghlan has been a Director since 2011. Mr. Coghlan was a managing director with Lehman Brothers Bank, a global investment bank based in New York City, for 27 years. He served in numerous management capacities in the firm's fixed income and prime brokerage divisions. Mr. Coghlan was a member of both the firm's fixed income and equity division's management committees. From September of 2008 to July 2010 Mr. Coghlan worked in the prime broker division at Barclays Capital. Mr. Coghlan is a past chairperson of the Bond Market Association's funding division. Mr. Coghlan is a former board member of Lehman Brothers bank and is currently a board member of Molloy College. He has also served on the boards of the Dorothy Rodbell Cohen foundation for Sarcoma Research, the Friends of Mercy Hospital, and the Rockville Centre 911 Fund. Mr. Coghlan received an undergraduate degree from Massachusetts College of Liberal Arts in 1978 as well as an Honorary Doctor of Laws in 2002. He also has an EdM from Harvard University.

Todd A. Correll. Mr. Correll has served as a financial and operations executive consultant and board member for SACo, a leading online retail operation, from 2017 through the present, which has grown from a pre-revenue startup operation in 2017 start to generate $50 million in annual revenue. From 2001 through 2017, Mr. Correll founded and served as CEO of Broadsmart Florida, Inc. ("Broadsmart"), a facility-based VoIP carrier. Under Mr. Correll's leadership as its CEO, Broadsmart grew from a local phone company to a nationwide carrier delivering IP based dial tone, broadband and ancillary services from small to large companies in every U.S. state, including establishing a strategic business relationship with IBM which allowed Broadsmart to migrate one of the country's largest auto supply chains with over 4,000 locations and more than 28,000 phone lines to the Broadsmart platform. Broadsmart was acquired by Magic Jack in 2016, and Mr. Correll continued to serve as its CEO until 2017. Mr. Correll received a bachelor's degree in Business from Syracuse University. Mr. Correll holds a private pilot's license as well as a USCG Captains license.

Matt Grover. Mr. Grover is Executive Vice President of Business Services at Altice USA (NYSE: ATUS), which is one of the largest broadband communications and video services providers in the United States, delivering broadband, pay television, mobile, proprietary content and advertising services to approximately 4.9 million residential and business customers across 21 states through its Optimum and Suddenlink brands. The company operates a4, an advanced advertising and data business, which provides audience-based, multiscreen advertising solutions to local, regional and national businesses and advertising clients. Altice USA also offers hyper-local, national, international and business news through its News 12, Cheddar and i24NEWS networks. Mr. Grover began his 19-year Altice USA career in 2001 when he joined Altice USA's Lightpath division as Director of Sales Planning. Since then, he has held various positions with increasing responsibilities. In 2010 Mr. Grover assumed the position of Vice President and General Manager of Optimum West Commercial Services, overseeing sales and sales operations in the Rocky Mountain States of Montana, Wyoming, Colorado, and Utah, until it was sold to Charter Communications in August 2013. From 2013 to 2018, he was Senior Vice President of Commercial Sales, Product, and Marketing. And in early 2019, he was promoted to EVP of Business Services. Prior to joining Altice USA, Mr. Grover held various management positions over the course of nearly ten years, including Vice President of Sales at North American Telecom, Global Account Manager at AT&T in Los Angeles, CA, and District Sales Manager at AT&T in New York, NY. He serves as an Advisory Board Member of Data Storage Corporation and is a member of the Board of Trustees at Molloy College in Rockville Centre, NY. Mr. Grover attained his BA in Economics from Stony Brook University and earned his MBA from the University of Southern California.

Term of Office

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

Audit Committee

During the fiscal year ended December 31, 2019, the Company had an audit committee consisting of non-executive directors. The audit committee members include: John Coghlan, Cliff Stein, Thomas Kempster and Harold Schwartz. Although the Board of Directors does have an audit committee comprised of independent directors, the audit committee does not have an audit committee financial expert at this time. DSC believes that the financial experience and combined skill set of the members of our audit committee are sophisticated enough for performance of the duties of the audit committee financial expert. In addition, DSC's securities are not listed on a national exchange securities and are not subject to the special corporate governance requirements of any such exchanges. However, DSC does intend to search for a qualified individual to fill the role of the audit committee financial expert.

Family Relationships

One part-time employee, reporting to our controller, is the wife of the President of Technical Operations and there is no direct report relationship.

Compliance with Section 16(A) of the Exchange Act.

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC and are required to furnish copies to the Company. Several officers and directors are currently behind their Section 16(a) filings. They are working to make sure the filings are completed in the near future.

Code of Ethics

DSC has adopted a Code of Ethics applicable to its Chief Executive Officer and Chief Financial Officer. This Code of Ethics is incorporated by reference to DSC's Form 10-K filed on March 31, 2009.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Executive Officers

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officers paid by the Company during the fiscal year ended December 31, 2019, in all capacities for the accounts of our executive officers, including the Chief Executive Officer (CEO).

Summary Compensation Table

Name & Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards (1)	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Charles M. Piluso, Chief Executive Officer, and Chairman of the Board	2019	$ 66,000	—	—	$ —	—	—	$ 66,000
Harold Schwartz - President	2019	$ 66,000	—	—	$ —	—	—	$ 66,000
Tom Kempster – President of Operations	2019	$ 118,917	—	—	$ —	—	—	$ 118,917

(1) The amounts shown in these columns represent the aggregate grant date fair value of common stock and option awards computed in accordance with FASB ASC Topic 718. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Share Based Compensation" on page 27 for a discussion of the assumptions made in the valuation of stock and option awards.

Employment Agreements

The Company has an employment agreement in place with John Camello, President of Nexxis Inc.

2008 Equity Incentive Plan

In October 2008, the Company adopted, the Euro Trend, Inc. 2008 Equity Incentive Plan (the "2008 Plan). Under the 2008 Plan, we may grant options (including incentive stock options) to purchase our common stock or restricted stock awards to our employees, consultants or non-employee directors. The 2008 Plan is administered by the Board of Directors. Awards may be granted pursuant to the 2008 Plan for 10 years from the effective date of the 2008 Plan. Any grant under the 2008 Plan may be repriced, replaced or regranted at the discretion of the Board of Directors. From time to time, we may issue awards pursuant to the 2008 Plan.

The material terms of options granted under the 2008 Plan (all of which have been nonqualified stock options) are consistent with the terms described in the footnotes to the "Outstanding Equity Awards at Fiscal Year-End December 31, 2017" table below, including five-year graded vesting schedules and exercise prices equal to the fair market value of our common stock on the date of grant. Stock grants made under the 2008 Plan have not been subject to vesting requirements. The 2008 Plan was terminated with respect to the issuance of new awards as of February 3, 2013. There are 369,839 options outstanding under the 2008 Plan as of December 31, 2018.

2010 Incentive Award Plan

On August 12, 2010, the Company adopted the Data Storage Corporation 2010 Incentive Award Plan (the "2010 Plan") with 2,000,000 shares of common stock available for issuance under the terms of the 2010 Plan. On April 23, 2012, the Company amended and restated the 2010 Plan to change the name of the 2010 Plan to the "Amended and Restated Data Storage Corporation Incentive Award Plan" (the "Plan"). On September 25, 2013, by written consent in lieu of a meeting by the stockholders owning a majority of the outstanding shares of Common Stock of the Company and by unanimous written consent of the Board of Directors in lieu of a meeting, the Plan was amended and restated to reserve 5,000,000 shares of common stock available for issuance under the terms of the Plan. On June 20, 2017, by written consent in lieu of a meeting by the stockholders owning a majority of the outstanding shares of Common Stock of the Company and by unanimous written consent of the Board of Directors in lieu of a meeting, the Plan was amended and restated to reserve 8,000,000 shares of common stock available for issuance under the terms of the Plan. On July 1, 2019, by written consent in lieu of a meeting by the stockholders owning a majority of the outstanding shares of Common Stock of the Company and by unanimous written consent of the Board of Directors in lieu of a meeting, the Plan was amended and restated to reserve 10,000,000 shares of common stock available for issuance under the terms of the Plan The Plan is intended to promote the interests of the Company by attracting and retaining exceptional employees, consultants, directors, officers and independent contractors (collectively referred to as the "Participants") and enabling such Participants to participate in the long-term growth and financial success of the Company. Under the Plan, the Company may grant stock options, which are intended to qualify as "incentive stock options" under Section 422 of the Internal Revenue Code of 1986, as amended, non-qualified stock options, stock appreciation rights and restricted stock awards, which are restricted shares of common stock (collectively referred to as "Incentive Awards"). Incentive Awards may be granted pursuant to the Plan for 10 years from the Effective Date. From time to time, we may issue Incentive Awards pursuant to the Plan. Each of the awards will be evidenced by and issued under a written agreement. There are 8,055,985 options outstanding under the Plan as of December 31, 2019.

If an incentive award granted under the Plan expires, terminates, is unexercised or is forfeited, or if any shares are surrendered to us in connection with an incentive award, the shares subject to such award and the surrendered shares will become available for future awards under the Plan. The number of shares subject to the Plan, and the number of shares and terms of any Incentive Award may be adjusted in the event of any change in our outstanding common stock by reason of any stock dividend, spin-off, stock split, reverse stock split, recapitalization, reclassification, merger, consolidation, liquidation, business combination or exchange of shares, or similar transaction.

Outstanding Equity Awards at Fiscal Year-End December 31, 2019

	Option Awards				
Name	**Option Approval Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable(1)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (2)**	**Option Exercise Price ($)**	**Option Expiration Date**
Charles M. Piluso					
(4)	12/15/2009	250,000	0	0.360	12/14/2020
(5)	12/31/2009	13,888	0	0.360	12/30/2020
(5)	12/16/2010	14,286	0	0.360	12/15/2020
(3)	6/18/2012	548,780	0	0.394	6/17/2022
(3)	6/18/2012	357,143	0	0.394	6/17/2022
(5)	12/11/2012	33,333	0	0.150	12/10/2022
(5)	12/13/2013	33,333	0	0.150	12/12/2023
(5)	12/22/2015	66,666	0	0.350	12/21/2025
(5)	12/14/2017	44,444	22,222	0.050	12/14/2027
(5)	12/11/2019	0	100,000	0.060	12/10/2023
Harold J. Schwartz					
(6)	11/3/2011	1,490	0	0.850	11/2/2021
(6)	6/18/2012	2,538	0	0.394	6/17/2022
(6)	12/11/2012	16,666	0	0.150	12/10/2022
(6)	12/13/2013	16,666	0	0.150	12/12/2023
(5)	12/22/2015	33,333	0	0.350	12/21/2025
(5)	12/14/2017	44,444	22,222	0.050	12/13/2027
(5)	12/11/2019	0	100,000	0.060	12/10/2023
Thomas C. Kempster					
(5)	12/14/2017	44,444	22,222	0.050	12/13/207
(5)	12/11/2019	0	100,000	0.060	12/10/2023

(1) Vested options under the Plan.

(2) Unvested options under the Plan.

(3) On March 23, 2011 (the "Stock Grant Date"), Mr. Piluso was issued a stock grant of 571,429 shares of common stock at $0.35 per share (the "Stock Grant"). Mr. Piluso received the Stock Grant in lieu of his annual compensation for 2010. The Stock Grant was fully vested on the Stock Grant Date. The Stock Grant was issued to Mr. Piluso pursuant to the 2008 Plan. The Stock Grant was fully vested on the Stock Grant Date. On June 18, 2012, the Stock Grant issuance was rescinded and replaced with a stock option to acquire 548,780 shares of common stock at an exercise price of $0.39 per share. In addition, on June 18, 2012, Mr. Piluso received a stock option to acquire 357,143 shares of common stock at an exercise price of $0.39 per share.

(4) On December 15, 2009 (the "Option Issuance Date"), Mr. Piluso was issued a stock option to acquire 250,000 shares of common stock at an exercise price of $0.36 per share (the "Stock Option"). The Stock Option was issued to Mr. Piluso in lieu of his annual compensation for 2009. The Stock Option was fully vested on the Option Issuance Date and has an expiration date of December 14, 2019. These options were extended for one year based on the resolution from the December 11, 2019 board meeting. The Stock Options was issued to Mr. Piluso pursuant to the 2008 Plan.

(5) The stock options were issued in consideration for services provided as a member of the Board of Directors.

(6) The stock options were issued in consideration for services provided as a member of the Board of Advisors.

Compensation of Directors

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named directors paid by the Company during the fiscal year ended December 31, 2019.

Director Name	Fees earned or paid in cash	Stock awards	Option awards (1)(2)	Non-equity incentive plan	Non-qualified deferred	All other compensation	Total
Charles M. Piluso	—	—	$ 13,000(3)	—	—	—	$ 13,000
Harold Schwartz	—	—	$ 13,000(4)	—	—	—	$ 13,000
Tom Kempster	—	—	$ 13,000(5)	—	—	—	$ 13,000
Lawrence Maglione	—	—	$ 13,000(6)	—	—	—	$ 13,000
John F. Coghlan	—	—	$ 13,000(7)	—	—	—	$ 13,000
John Argen	—	—	$ 13,000(8)	—	—	—	$ 13,000
Joseph B. Hoffman	—	—	$ 13,000(9)	—	—	—	$ 13,000
Clifford Stein	—	—	$ 13,000(10)	—	—	—	$ 13,000
Matthew Grover	—	—	$ 3,250(11)	—	—	—	$ 3,250
Todd Correll	—	—	$ 3,250(12)	—	—	—	$ 3,250

(1) The stock options were issued in consideration for services provided as a member of the Board of Directors.

(2) The amounts shown in these columns represent the aggregate grant date fair value of common stock and option awards computed in accordance with FASB ASC Topic 718. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Share Based Compensation" on page 14 for a discussion of the assumptions made in the valuation of stock and option awards.

(3) On December 11, 2019 Mr. Piluso was issued stock option to acquire 100,000 shares of common stock at an exercise price of $0.054. 33,333 of the options will vest on December 11, 2020; 33,333 of the options will vest on December 11, 2021 and the remaining 33,334 will vest on December 11, 2022.

(4) On December 11, 2019 Mr. Schwartz was issued stock option to acquire 100,000 shares of common stock at an exercise price of $0.054. 33,333 of the options will vest on December 11, 2020; 33,333 of the options will vest on December 11, 2021 and the remaining 33,334 will vest on December 11, 2022.

(5) On December 11, 2019 Mr. Kempster was issued stock option to acquire 100,000 shares of common stock at an exercise price of $0.054. 33,333 of the options will vest on December 11, 2020; 33,333 of the options will vest on December 11, 2021 and the remaining 33,334 will vest on December 11, 2022.

(6) On December 11, 2019 Mr. Maglione was issued stock option to acquire 100,000 shares of common stock at an exercise price of $0.054. 33,333 of the options will vest on December 11, 2020; 33,333 of the options will vest on December 11, 2021 and the remaining 33,334 will vest on December 11, 2022.

(7) On December 11, 2019 Mr. Coghlan was issued stock option to acquire 100,000 shares of common stock at an exercise price of $0.054. 33,333 of the options will vest on December 11, 2020; 33,333 of the options will vest on December 11, 2021 and the remaining 33,334 will vest on December 11, 2022.

(8) On December 11, 2019 Mr. Argen was issued stock option to acquire 100,000 shares of common stock at an exercise price of $0.054. 33,333 of the options will vest on December 11, 2020; 33,333 of the options will vest on December 11, 2021 and the remaining 33,334 will vest on December 11, 2022.

(9) On December 11, 2019 Mr. Hoffman was issued stock option to acquire 100,000 shares of common stock at an exercise price of $0.054. 33,333 of the options will vest on December 11, 2020; 33,333 of the options will vest on December 11, 2021 and the remaining 33,334 will vest on December 11, 2022.

(10) On December 11, 2019 Mr. Stein was issued stock option to acquire 100,000 shares of common stock at an exercise price of $0.054. 33,333 of the options will vest on December 11, 2020; 33,333 of the options will vest on December 11, 2021 and the remaining 33,334 will vest on December 11, 2022.

(11) On December 11, 2019 Mr. Grover was issued stock option to acquire 25,000 shares of common stock at an exercise price of $0.054. 8,333 of the options will vest on December 11, 2020; 8,333 of the options will vest on December 11, 2021 and the remaining 8,334 will vest on December 11, 2022.

(12) On December 11, 2019 Mr. Correll was issued stock option to acquire 25,000 shares of common stock at an exercise price of $0.054. 8,333 of the options will vest on December 11, 2020; 8,333 of the options will vest on December 11, 2021 and the remaining 8,334 will vest on December 11, 2022.

Securities Authorized for Issuance Under Equity Compensation Plans

The Company has two share-based equity compensation plans, the 2008 Equity Incentive Plan (the"2008 Plan") and the Amended and Restated Data Storage Corporation Incentive Award Plan (the "Plan"). Descriptions of these plans are presented above.

As of the end of 2019 we had the following securities authorized for issuance under our equity compensation plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options and warrants (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders	8,425,824(1)	$ 0.17	1,944,015
Total	8,425,824	$ 0.17	1,944,015

(1) As of the end of fiscal year 2019, we had 8,425,824 shares of our common stock issuable upon the exercise of outstanding options granted pursuant to the 2008 Plan and the 2010 Plan. As of end of fiscal year, 2019, there were warrants outstanding to purchase 133,334 shares of common stock at a weighted average exercise price of $0.001, none of which were granted pursuant to the 2008 Plan or the 2010 Plan.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information, as of March 30, 2020, with respect to the beneficial ownership of the outstanding common stock by (i) any holder of more than five (5%) percent; (ii) each of the Company's executive officers and directors; and (iii) the Company's directors and executive officers as a group. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned.

Name and Address of Beneficial Owner (1)(2)	Number of Shares	Percent of Class (3)
Charles M. Piluso (4) (15)	35,855,487	28.41%
John Coghlan (7) (15)	6,262,495	4.87%
Harold J. Schwartz (6) (15)	32,572,327	25.37%
Cliff Stein (5) (15)	11,027,219	8.58%
Thomas C. Kempster (11) (15) (12)	32,391,634	25.26%
Lawrence Maglione, Jr. (8) (15)	361,344	*
John Argen (9) (15)	328,172	*
Joseph Hoffman (10) (15)	328,172	*
Matthew Grover (13) (15)	—	*
Todd Correll (14) (15)	—	*
All Executive Officers and Directors as a group (14)	120,126,851	92.49%

* Less than 1%

(1) The address for each person is 48 South Service Road, Melville, New York 11747.

(2) Under the rules of the SEC, a person is deemed to be the beneficial owner of a security if such person has or shares the power to vote or direct the voting of such security or the power to dispose or direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities if that person has the right to acquire beneficial ownership within 60 days of . Unless otherwise indicated by footnote, the named entities or individuals have sole voting and investment power with respect to the shares of common stock beneficially owned.

(3) Based upon 128,3139,418 shares of common stock issued and outstanding as of April 1, 2020 and options that can be acquired within 60 days of April 1, 2020. Unless otherwise indicated in the footnotes to the above table and subject to community property laws where applicable, we believe that each shareholder named in the above table has sole or shared voting and investment power with respect to the shares indicated as beneficially owned.

(4) Includes (i) 13,625,634 shares of common stock held individually, (ii) 3,269,863 shares of common stock held by Piluso Family Associates, (iii) 9,204,614 shares of common stock held by The Bella Vita 2012 Trusts, (iv) 9,204,614 shares of common stock held by The Lasata 2012 Trusts, (v) options to acquire 1,484,095 shares of common stock and (vi) a common stock purchase warrant exercisable for 66,667 shares of common stock. Mr. Piluso is the co-manager and has shared voting control over the shares of common stock of the Company held by Piluso Family Associates, LLC. Mr. Piluso and his wife are the trustees of the trusts.

(5) Includes (i) 10,717,301 shares of common stock and (ii) 309,918 shares of common stock issuable upon exercise of stock options.

(6) Includes (i) 32,334,968 shares of common stock and (ii) 237,359 shares of common stock issuable upon exercise of stock options.

(7) Includes (i) 5,862,330 shares of common stock held individually, (ii) options to acquire 333,499 shares of common stock and (iii) a common stock purchase warrant exercisable for 66,667 shares of common stock.

(8) Includes (i) 33,172 shares of common stock held individually and (ii) options to acquire 328,172 shares of common stock.

(9) Includes options to acquire 328,172 shares of common stock.

(10) Includes options to acquire 228,172 shares of common stock.

(11) Includes (i) 32,334,968 shares of common stock and (ii) 166,666 shares of common stock issuable upon exercise of stock options.

(12) Mr. Kempster made open market sales of an aggregate of 20,000 shares of common stock between January and February 2019.

(13) Includes options to acquire 25,000 shares of common stock.

(14) Includes options to acquire 25,000 shares of common stock.

(15) Officer and/or director of the Company.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Board of Directors has determined, after considering all the relevant facts and circumstances, that during the fiscal year ended December 31, 2019 each of Messrs. Argen, Hoffman, Coghlan, Stein, Correll and Grover were independent directors, as “independence” is defined in the federal securities laws and the Nasdaq Marketplace Rules.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

DSC's fiscal years ended December 31, 2019 and 2018 was billed approximately $70,500 and $69,500 for professional services rendered for the audit and review of its financial statements.

Audit Related Fees

For audit related services for the years ended December 31, 2019 and 2018 will be billed approximately $0 and $0 respectively.

Tax Fees

For DSC’s fiscal years ended December 31, 2019 and 2018, it was billed approximately $7,500 and $7,500 respectively for professional services rendered for tax compliance, tax advice, and tax planning.

All Other Fees

DSC incurred other fees related to services rendered by its principal accountant for the fiscal years ended December 31, 2019 and 2018 and will be billed approximately $0 and $0.

Our audit committee pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the entire audit committee either before or after the respective services were rendered.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

a) Documents filed as part of this Annual Report

1. Consolidated Financial Statements

2. Financial Statement Schedules

3. Exhibits

The exhibits listed in the following table have been filed with, or incorporated by reference into, this Report. The exhibits listed in the following table have been filed with this report.

EXHIBIT INDEX

Exhibits #	Description
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form SB-2 filed on December 17, 2007 (the "SB-2")).
3.2	Certificate of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Form 8-K filed on October 24, 2008).
3.3	Certificate of Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.1.1 on Form 8-K filed on January 6, 2009).
3.4	Bylaws (incorporated by reference to Exhibit 3.2 to the SB-2).
3.5	Amended Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K filed on October 24, 2008).
4.1	Share Exchange Agreement, dated October 20, 2008, by and among Euro Trend Inc., Data Storage Corporation and the shareholders of Data Storage Corporation named on the signature page thereto (incorporated by reference to Exhibit 10.1 to Form 8-K filed on October 24, 2008).
4.2	Share Exchange Agreement, dated October 20, 2008, by and among, Euro Trend Inc., Data Storage Corporation and the shareholders of Data Storage Corporation named on the signature page thereto (incorporated by reference to Exhibit 10.1 to Form 8-K/A filed on June 29, 2009).
4.3	Registration Rights Agreement, dated November 29, 2011, by and between Data Storage Corporation and Southridge Partners II, LP (incorporated herein by reference to Exhibit 10.2 to Form 8-K filed on December 2, 2011).
4.4	Equity Purchase Agreement, dated November 29, 2011, by and between Data Storage Corporation and Southridge Partners II, LP (incorporated herein by reference to Exhibit 10.2 to Form 8-K filed on December 2, 2011).
4.5	Convertible Promissory Note, dated February 28, 2013, by and between the Company and John F. Coghlan. (incorporated herein by reference to Exhibit 4.1 to Form 10-Q filed on May 20, 2013)
4.6	Warrant to Purchase Common Stock, dated February 28, 2013, by and between the Company and John F. Coghlan (incorporated herein by reference to Exhibit 4.2 to Form 10-Q filed on May 20, 2013)
4.7	Securities Purchase Agreement, dated February 28, 2013, by and between the Company and John F. Coghlan. (incorporated herein by reference to Exhibit 10.1 to Form 10-Q filed on May 20, 2013)
4.8	Securities Purchase Agreement between Charles M. Piluso and the Company dated as of August 9, 2013 (incorporated by reference to Exhibit 2.3 of Schedule 13D/A No. 1 filed by Charles M. Piluso on August 14, 2013 (File No. 005- 84248)).
4.9	10% Convertible Promissory Note due April 30, 2015 (incorporated by reference to Exhibit 2.4 of Schedule 13D/A No. 1 filed by Charles M. Piluso on August 14, 2013 (File No. 005-84248)).
4.10	Warrant to Purchase Common Stock dated as of August 9, 2013 (incorporated by reference to Exhibit 2.5 of Schedule 13D/A No. 1 filed by Charles M. Piluso on August 14, 2013 (File No. 005-84248)).
10.1	Asset Purchase Agreement dated November 10, 2008, by and between Novastor Corporation as Seller and Data Storage Corporation as Purchaser (incorporated by reference to Exhibit 10.1 to Form 8-K filed on November 12, 2008).
10.2	Joint Venture – Strategic Alliance Agreement, dated March 2, 2010, by and between Data Storage Corporation and United Telecomp, LLC (incorporated by reference to Exhibit 10.1 to Form 8-K filed on March 3, 2010).
10.3	Term Sheet for Acquisition by Data Storage Corporation of 80% of the Equity of e-ternity Business Continuity Consultants, Inc., dated May 16, 2013 (incorporated by reference to Exhibit 99.1 to Form 8-K, filed on May 30, 2013).

10.4	Term Sheet for Acquisition by Data Storage Corporation of Message Logic, Inc., dated August 31, 2013 (incorporated by reference to Exhibit 99.1 to Form 8-K filed on September 4, 2013).
10.5	Asset Purchase Agreement, dated June 17, 2010, between SafeData, LLC and Data Storage Corporation (incorporated by reference to Exhibit 10.1 to Form 8-K filed on June 23, 2010).
10.6	Asset Purchase Agreement, dated October 31, 2013, by and between Data Storage Corporation and Message Logic, Inc. (incorporated by reference to Exhibit 2.1 to Form 8-K filed on January 30, 2013).
10.7	Stock Purchase Agreement, dated October 31, 2013, by and between Data Storage Corporation and Zojax Group, LLC (incorporated by reference to Exhibit 10.1 to Form 8-K filed on November 7, 2013).
10.8	Form of Employment Agreement between Peter Briggs and Data Storage Corporation (incorporated by reference to Exhibit 10.2 to Form 8-K filed on June 23, 2010).
10.9	Data Storage Corporation 2010 Incentive Award Plan (incorporated by reference to Exhibit 10.1 on Form S-8/A filed on October 25, 2010).
10.10	Amended and Restated Data Storage Corporation 2010 Incentive Award Plan (incorporated by reference to Exhibit 10.1 to Form 8-K filed on April 26, 2013).
10.11	Stock Purchase Agreement, dated as of March 1, 2011, by and between Data Storage Corporation and John F. Coghlan (incorporated by reference to Exhibit 10.1 to Form 8-K filed on March 7, 2011).
10.12	Stock Purchase Agreement, dated September 7, 2013, by and between Data Storage Corporation and John F. Coghlan (incorporated by reference to Exhibit 2.1 to Form 8-K filed on September 13, 2013).
10.13	Stock Purchase Agreement, dated September 7, 2013, by and between Data Storage Corporation and Clifford Stein (incorporated by reference to Exhibit 2.2 to Form 8-K filed on September 13, 2013).
10.14	Stock Purchase Agreement, dated September 18, 2013, by and between Data Storage Corporation and Jan Burman (incorporated by reference to Exhibit 2.1 to Form 8-K filed on September 21, 2013).
10.15	Stock Purchase Agreement, dated September 18, 2013, by and between Data Storage Corporation and Charles M. Piluso (incorporated by reference to Exhibit 2.2 to Form 8-K filed on September 21, 2013).
10.16	Stock Purchase Agreement, dated September 18, 2013, by and between Data Storage Corporation and Piluso Family Associates (incorporated by reference to Exhibit 2.3 to Form 8-K filed on September 21, 2013).
10.17	Asset Purchase Agreement by and between ABC Services Inc., and Data Storage Corporation Inc. and Data Storage Corporation as of October 25, 2016 (incorporated by reference to Exhibit 10.1 to Form 8K filed on October 31, 2016)
10.17	Asset Purchase Agreement by and between ABC Services II Inc., and Data Storage Corporation Inc. and Data Storage Corporation as of October 25, 2016 (incorporated by reference to Exhibit 10.2 to Form 8K filed on October 31, 2016)
10.19	Conversion Agreement by and between Data Storage Corporation and Charles M. Piluso dated October 25, 2016 (incorporated by reference to Exhibit 10.3 to Form 8K filed on October 31, 2016)
10.20	Conversion Agreement by and between Data Storage Corporation and John F. Coghlan dated October 25, 2016 (incorporated by reference to Exhibit 10.4 to Form 8K filed on October 31, 2016)
10.21	Conversion Agreement by and between Data Storage Corporation and Clifford Stein dated October 25, 2016 (incorporated by reference to Exhibit 10.5 to Form 8K filed on October 31, 2016).
10.22	Form of Stockholder Agreement by and between Data Storage Corporation, Nexxis Inc., and John Camello dated November 13, 2018 (incorporated by reference to Exhibit 10.22 to Form 10Q filed November 19, 2018).
10.23	Form of Employment Agreement by and between Data Storage Corporation, Nexxis Inc., and John Camello dated November 13, 2017 (incorporated by reference to Exhibit 10.23 to Form 10Q filled November 19, 2018).
10.24	Form of Stock Purchase Agreement by and between Data Storage Corporation and Broadsmart Florida, Inc. dated November 5, 2018
10.25	Form of Agreement to Unwind and Mutual Release by and between Data Storage Corporation and Broadsmart Florida, Inc. dated
14	Code of Ethics (incorporated by reference to Exhibit 14.1 to Form 10-K filed on March 31, 2009).
21	List of Subsidiaries of Data Storage Corporation (incorporated by reference to Exhibit 21 to the Registration Statement on Form S-1 filed on February 6, 2013).
31.1	Certification of President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board of Directors Pursuant to Rule 13a-14(a) and Rule 15d-14(a) under the Exchange Act.
32.1	Certification of President, Chief Executive Officer, Chief Financial Officer, Chairman of the Board of Directors Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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 to be signed on its behalf by the undersigned, there unto duly authorized.

DATA STORAGE CORPORATION

By: /s/ *Charles M. Piluso*
Chief Executive Officer
Chief Financial Officer
Principal Executive Officer
Principal Financial Officer
Principal Accounting Officer

Dated April 14, 2020

POWER OF ATTORNEY

Know all persons by these presents that each individual whose signature appears below constitutes and appoints Charles M. Piluso, our Chief Executive Officer as a true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments to this Report together with all schedules and exhibits thereto, (ii) act on, sign and file with the Securities and Exchange Commission any and all exhibits to this Report and any and all exhibits and schedules thereto, (iii) act on, sign and file any and all such certificates, notices, communications, reports, instruments, agreements and other documents as may be necessary or appropriate in connection therewith and (iv) take any and all such actions which may be necessary or appropriate in connection therewith, granting unto such agent, proxy and attorney-in-fact, full power and authority to do and perform each and every act and thing necessary or appropriate to be done, as fully for all intents and purposes as he might or could do in person, and hereby approving, ratifying and confirming all that such agent, proxy and attorney-in-fact, or any of his or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ Charles M. Piluso **Charles M. Piluso**	Chief Executive Officer, Chief Financial Officer, Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer	April 14, 2020
/s/ John Argen **John Argen**	Director	April 14, 2020
/s/ Joseph B. Hoffman **Joseph B. Hoffman**	Director	April 14, 2020
/s/ Lawrence A. Maglione Jr. **Lawrence A. Maglione Jr.**	Director	April 14 2020
/s/ John Coghlan **John Coghlan**	Director	April 14, 2020
/s/ Cliff Stein **Cliff Stein**	Director	April 14, 2020
/s/ Harold J. Schwartz **Harold J. Schwartz**	Director	April 14, 2020
/s/ Thomas C. Kempster **Thomas C. Kempster**	Director	April 14, 2020

Exhibit 31.1

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

I, Charles M. Piluso, certify that:

1. I have reviewed this annual report on Form 10-K of Data Storage Corporation (the "Registrant");

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. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15(f) and 15d-15(f)) for the Registrant and have:

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

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

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

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

5. The Registrant's other certifying officer(s) and 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.

Signature	Title	Date
/s/ Charles M. Piluso	Chief Executive Officer,	April 14, 2020
Charles M. Piluso	Chief Financial Officer, Principal Executive Officer, Principal Financial and Principal Accounting Officer	

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report of Data Storage Corporation (the "Company") on Form 10-K for the year ending December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles M. Piluso, Chief Executive Officer of the Company, certifies to the best of his knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

Signature	**Title**	**Date**
/s/ Charles M. Piluso	Chief Executive Officer	April 14, 2020
Charles M. Piluso	Chief Financial Officer, Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer	