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

Amendment No. 1 to the
FORM 8-K

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

Date of Report (Date of earliest event reported): October 25, 2016

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

(Former Name of Registrant)

Nevada	**00135384**	**98-0530147**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

68 South Service Road
Melville, New York 11747
(Address of principal executive offices) (zip code)

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

Copies to:
Fleming PLLC
49 Front Street, Suite 206
Rockville Centre, New York 11570
Phone: (516) 833-5034
Fax: (516) 977-1209

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPANATORY NOTE: The purpose of this amendment to the Form 8-K Current Report is to file the required financial statements in connection with the asset purchase more fully described below.

Item 1.01 Entry Into A Material Definitive Agreement
Item 2.01 Completion or Acquisition or Disposition of Assets

On October 25, 2016, Data Storage Corporation (the "Company"), through its wholly-owned subsidiary (the "Subsidiary"), entered into and closed two Asset Purchase Agreements (collectively, the "Purchase Agreements") with ABC Services Inc. (“ABC I”), a New York corporation, and ABC Services II Inc. ("ABC II" and collectively with ABC I, "ABC"), a New York Corporation, pursuant to which the Subsidiary purchased certain assets from ABC, including tangible assets and service agreements, in consideration of an aggregate 64,669,936 shares of common stock of the Company (the "Shares"). The Closing occurred on October 25, 2016. In the event that the audits of ABC I or ABC II for the fiscal year ended December 31, 2015 provide that either ABC I or ABC II have generated less than $2,000,000 in revenue, then such entity's respective Shares will be reduced by the proportionate amount of such shortfall.

In addition, on October 25, 2016 (the "Effective Date"), the Company entered into three Conversion Agreements with three affiliates (collectively, the "Affiliates") of the Company pursuant to which the Company and the Affiliates agreed to convert an aggregate of $2,678,124.28 in debt owed by the Company to the Affiliates into shares of common stock of the Company at a conversion price of $0.10 per share (the "Conversion Price") resulting in the issuance of an aggregate of 26,781,242 shares of common stock of the Company to the Affiliates. Specifically, the Company and Charles Piluso converted $1,802,521.08 into 18,025,210, the Company, John Coghlan converted $138,822 into 1,388,220 shares of common stock of the Company and the Company and Clifford Stein converted $736,781.20 into 7,367,812 shares of common stock of the Company. At the end of the 90 day period following the Effective Date, if the average closing price during any ten (10) day period during the 90 day period is greater than $0.10 per share (the "Adjusted Conversion Price"), then the Conversion Price will be adjusted to equal the Adjusted Conversion Price; provided, however, that the Adjusted Conversion Price will have a ceiling of $0.20 per share, whereby if the 10 day average closing price is greater than $0.20 per share during the 90 day period, then the Conversion Price will be adjusted to equal $0.20 per share. There will only be one adjustment.

The foregoing information is a summary of each of the agreements involved in the transactions described above, is not complete, and is qualified in its entirety by reference to the full text of those agreements, each of which is attached an exhibit to this Current Report on Form 8-K. Readers should review those agreements for a complete understanding of the terms and conditions associated with this transaction.

Item 3.02. Unregistered Sales of Equity Securities

The information contained in Item 1.01 is hereby incorporated by reference into this Item 3.02. The shares of common stock issued as part of the Purchase Agreements and Conversion Agreements will be issued pursuant to exemptions from registration provided by Section 4(2) and/or Regulation D of the 1933 Securities Act, as amended.

Item 5.01. Changes in Control of the Registrant

The disclosure set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 5.01 .

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

Audited Consolidated Financial Statements for ABC Services Inc., and ABC Services II Inc.for the years ended December 31, 2015 and December 31, 2014

Unaudited Consolidated Financial Statements for ABC Services Inc., and ABC Services II Inc.for the nine months ended September 30, 2016

(b) Pro-Forma Financial Information

Pro Forma Financial Information for Data Storage Corporation and Subsidiaries.

(d) List of Exhibits

Exhibit No.	Description of Exhibit
10.1	Asset Purchase Agreement by and between ABC Services Inc., and Data Storage Corporation Inc. and Data Storage Corporation as of October 25, 2016 (1)
10.2	Asset Purchase Agreement by and between ABC Services II Inc., and Data Storage Corporation Inc. and Data Storage Corporation as of October 25, 2016 (1)
10.3	Conversion Agreement by and between Data Storage Corporation and Charles M. Piluso dated October 25, 2016 (1)
10.4	Conversion Agreement by and between Data Storage Corporation and John F. Coghlan dated October 25, 2016 (1)
10.5	Conversion Agreement by and between Data Storage Corporation and Clifford Stein dated October 25, 2016(1)
99.1	Audited Consolidated Financial Statements for ABC Services, Inc. for the years ended December 31, 2015 and 2014
99.2	Audited Consolidated Financial Statements for ABC Services II, Inc. for the years ended December 31, 2015 and 2014
99.3	Unaudited Consolidated Financial Statements for ABC Services, Inc. for the nine months ended September 30, 2016
99.4	Unaudited Consolidated Financial Statements for ABC Services II, Inc. for the nine months ended September 30, 2016
99.5	Pro Forma Financial Information for Data Storage Corporation and Subsidiaries.

(1) Incorporated by reference to the Form 8-K Current Report filed with the Securities Exchange Commission on October 31, 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DATA STORAGE CORPORATION

Date: February 7, 2017

By: /s/ Charles M. Piluso
Charles M. Piluso
Chief Executive Officer

Exhibit 99.1

ABC Services, Inc.

Consolidated Financial Statements

December 31, 2015 and 2014

ABC Services, Inc.

Table of Contents

www.rrbb.com
ROSENBERG RICH BAKER BERMAN & COMPANY
265 Davidson Avenue, Suite 210 • Somerset, NJ 08873-4120 • PHONE 908-231-1000 • FAX 908-231-6894
111 Dunnell Road, Suite 100 • Maplewood, NJ 07040 • PHONE 973-763-6363 • FAX 973-763-4430

Independent Auditors' Report

To the Shareholders of
ABC Services, Inc.

We have audited the accompanying consolidated financial statements of ABC Services, Inc., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity' s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ABC Services, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rosenberg Rich Baker Berman & Company

Somerset, New Jersey
January 23, 2017

ABC Services, Inc.
Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash	$ 53,428	$ 74,344
Accounts receivable, net of allowance for doubtful accounts	313,054	497,178
Receivable from related party	36,188	33,580
Due from shareholders	18,000	18,000
Total current assets	420,670	623,102
Property and equipment, net of accumulated depreciation	16,196	26,993
Total assets	$ 436,866	$ 650,095
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	372,613	534,439
Deferred revenue	197,047	197,510
Loan payable - shareholder	53,821	-
Total current liabilities	623,481	731,949
Shareholders' equity (deficit):		
Common stock, 1,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Retained deficit - ABC Services, Inc.	(178,990)	(94,397)
Total shareholders' equity (deficit) - ABC Services, Inc.	(177,990)	(93,397)
Non-controlling interest	(8,625)	11,543
Total shareholders' equity (deficit)	(186,615)	(81,854)
Total liabilities and shareholders' equity (deficit)	$ 436,866	$ 650,095

See accompanying notes to financial statements.

ABC Services, Inc.
Consolidated Statements of Income and Shareholders' Equity

	Year Ended December 31, 2015	Year Ended December 31, 2014
Net sales	$ 2,850,562	$ 2,482,959
Cost of sales	2,239,787	1,980,031
Gross profit	610,775	502,928
Operating expenses:		
Selling	614,832	358,512
General and administrative	138,393	131,774
Total operating expenses	753,225	490,286
Income (loss) before other income	(142,450)	12,642
Other income:		
Commissions	72,689	64,934
Other income	-	26,500
Total other income	72,689	91,434
Net income (loss)	$ (69,761)	$ 104,076
Net income (loss) attributable to non-controlling interests in equity	(20,168)	11,543
Net income (loss) attributable to ABC Services, Inc.	$ (49,593)	$ 92,533
Net income (loss) per above	$ (69,761)	$ 104,076
Shareholders' equity (deficit), beginning of year	(81,854)	(80,930)
Distributions to shareholders	(35,000)	(105,000)
Shareholders' equity (deficit), end of year	$ (186,615)	$ (81,854)

See accompanying notes to financial statements.

ABC Services, Inc.
Consolidated Statements of Cash Flows

	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash flows from operating activities:		
Net income (loss)	$ (69,761)	$ 104,076
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	10,797	15,674
Change in provision for bad debts and returns	(941)	8,501
(Increase) decrease in:		
Accounts receivable	185,064	(231,240)
Accounts receivable from related party	(2,608)	(27,308)
Increase (decrease) in:		
Accounts payable and accrued expenses	(161,827)	156,954
Deferred revenue	(461)	116,123
Net cash provided by (used in) operating activities	(39,737)	142,780
Cash flows from investing activities:		
Payments for purchases of property and equipment	-	(42,667)
Net cash used in investing activities	-	(42,667)
Cash flows from financing activities:		
Proceeds from advance from shareholder	53,821	-
Distributions to shareholders	(35,000)	(105,000)
Net cash provided by (used in) financing activities	18,821	(105,000)
Net increase (decrease) in cash	(20,916)	(4,887)
Cash, beginning of year	74,344	79,231
Cash, end of year	$ 53,428	$ 74,344
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 85	$ -
Cash paid for taxes	$ -	$ -

See accompanying notes to financial statements.

Note 1 - Nature of Operations

Formed under the laws of the state of New York in 1994, ABC Services Inc. (“ABC”) is a leading server and network solutions provider empowering their customers with innovative business technology, and helping them to prosper and surpass their competition with the ability and resources to meet all their IT systems integration needs, quickly and cost effectively. ABC’s services fall in three main categories: IBM Power Systems Services, Cloud Services and Data Center Design. During 2015 and 2014, ABC’s operations were primarily in the New York City metropolitan area.

Note 2 - Summary Of Significant Accounting Policies

Consolidation of Variable Interest Entity:

In 2015, Secure Infrastructure and Services, LLC (“SIAS”), an entity with a similar nature of operations as ABC was formed under the laws of the state of New York. ABC has a 50% member interest in SIAS, is controlled by ABC management and has common ownership interests. As such, SIAS is a variable interest entity as defined by accounting principles generally accepted in the United States (“GAAP”) pertaining to “*Consolidation of Variable Interest Entities”* and has been consolidated into the financial statements of ABC from the date of their formation pursuant to GAAP.

The consolidated financial statements are those, substantially, of a single economic organization, however, they are not of a single legal entity; nevertheless, the consolidated financial statements are referred to as those of the “Company”. All material intercompany balances and transactions have been eliminated in consolidation at December 31, 2015 and 2014 and for the years then ended.

The Company, as required by GAAP, identifies and segregates in the consolidated financial statements the balances and amounts included in shareholders’ equity and in net income attributable to the non-controlling interests of the Company, which is the interest in the variable interest entity, SIAS. The account attributable to SIAS is identified as “non-controlling interest in equity”.

Use of estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's more significant estimates relate to reserves for uncollected receivables. Actual results could differ from those estimates.

Accounts receivable:

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company’s historical losses, the existing economic conditions, and the financial stability of its customers. Accounts are written off as uncollectible after collection efforts have failed. In addition, the Company does not generally charge interest on past-due accounts or require collateral. At December 31, 2015 and 2014, the allowance for doubtful accounts amounted to $7,560 and $8,501, respectively.

Note 2 - Summary Of Significant Accounting Policies (continued)

Property and Equipment, and Depreciation:

Property and equipment are stated at cost except for equipment acquired under capital lease obligations, which is stated at the lesser of the present value of the minimum lease payments over the lease term or the fair market value of the asset at lease inception. Depreciation is generally provided using the straight-line method over the estimated useful lives of the related assets.

Repairs and maintenance that do not improve or extend the lives of the property and equipment are charged to expense as incurred.

Revenue and Cost Recognition:

The Company recognizes revenue from product sales at the point of sale, net of sales taxes. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold.

Subscription revenue is recognized ratably over the term of the subscription. Payments received in advance of providing services are recorded as deferred revenue and amortized to revenue over the term of the agreement.

Revenue from time-and-materials contracts is recognized currently as the work is performed.

Cost of sales includes cost of merchandise sold or third-party service contracts sold during the period, shipping and handling costs, and sales taxes. Additionally, the cost of merchandise sold or third-party contracts sold during the period are recorded net of any discounts and allowances.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Shipping and handling costs:

Freight billed to customers is considered sales revenue and the related freight costs as a cost of sales.

Fair value of financial instruments:

The carrying value of the Company's financial instruments, consisting principally of cash, receivables, accounts payable, deferred revenue, and loan payable, shareholders approximates fair value due to either the short-term maturity of the instruments or borrowings with similar interest rates or maturities.

Income taxes:

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the Consolidated Financial Statements.

Note 2 - Summary Of Significant Accounting Policies (continued)

Income taxes:

The Company accounts for uncertainty in income taxes using a recognition threshold of more-likely- than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold at the balance sheet dates, and no interest and penalties related to unrecognized tax benefits have been recognized in the Company's Consolidated Financial Statements.

The Company files tax returns in the U.S. federal jurisdictions and New York State and has no open tax years for 2012 and prior.

Compensated absences:

The Company does not provide for the carryover of unused vacation or sick time beyond the calendar year and, consequently, no accrual of such costs is required at the balance sheet date.

Advertising:

The Company expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2015 and 2014 were approximately $119,000 and $108,000, respectively.

Note 3 - Significant Concentrations of Credit Risk

Cash maintained at commercial banks is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 in total. From time to time over the course of the years cash balances may exceed the limit, however, at December 31, 2015 and 2014, cash balances did not exceed federally insured limits.

Credit risk for trade accounts is concentrated as well because substantially all of the balances are receivable from entities located within certain geographic regions. To reduce credit risk, the Company performs ongoing credit evaluations of its customers' financial conditions, but does not generally require collateral. In addition, at December 31, 2015, approximately 49% of the Company's accounts receivable is due from four customers, consisting of 15%, 13%, 11%, and 10%, respectively. At December 31, 2014, approximately 51% of the Company's accounts receivable is due from customers, consisting of 17%, 12%, 11% and 11%, respectively.

Note 4 - Major Customers

During 2015, approximately 13% of the Company's revenue was earned from one customer. During 2014, approximately 15% of the Company's revenue was earned from one customer.

Note 5 – Balance Due to/from Shareholders

At December 31, 2015 and 2014, the balance due from shareholders amounted to approximately $18,000. Additionally, at December 31, 2015, the balance due to shareholders for loans amounted to approximately
$54,000. There were no formal terms and no interest charged.

Note 6 - Property and Equipment

At December 31, property and equipment are comprised of the following:

	2015	2014
Machinery and equipment (5 to 7 years)	$ 42,667	$ 42,667
Less: accumulated depreciation	(26,471)	(15,674)
	$ 16,196	$ 26,993

Depreciation expense for the years ended December 31, 2015 and 2014 amounted to $10,797 and $15,674, respectively.

Note 7 - Related Party Transactions

The Company, in the regular course of business, rents equipment from Systems Trading, Inc. (“STI”), an affiliate related by common ownership on a month to month basis. For the years ended December 31, 2015 and 2014, rents paid to STI approximated $625,000 and $403,000, respectively. At December 31, 2015 and 2014, the balance of accounts payable due to STI approximated $84,000 and $86,000, respectively.

The Company, in the regular course of business, purchases merchandise for resale from, ABC Services II, Inc. (“ABC2”), an affiliate related by common ownership and management. For the years ended December 31, 2015 and 2014, Purchases from ABC2 approximated $275,000 and $222,000, respectively. And, at December 31, 2015 and 2014, the balance of accounts payable due to ABC2 approximated $6,000 and $9,400, respectively. Additionally, at December 31, 2015 and 2014, the Company has a receivable balance from ABC2 approximating $36,000 and $34,000, respectively. These balances represent expenses paid by the Company on behalf of ABC2, net of cash received. There are no formal terms and no interest charged.

Note 8 - Reconciliation of Balance of Non-Controlling Interest in Equity

The components of the change in the balance of the non-controlling interest in equity at December 31, 2015 and 2014, are as follows:

	2015	2014
Balance at January 1	$ 11,543	$ -
Net income (loss)	(20,168)	11,543
Balance at December 31	$ (8,625)	$ 11,543

Note 9 - Consolidated Variable Interest Entity (See Note 2)

Summarized financial information for SIAS, the variable interest entity included in the consolidated financial statements at December 31, 2015 and 2014, and for the years then ended, is as follows:

	2015	2014
Assets	$ 260,000	$ 277,000
Liabilities	$ 272,000	$ 249,000
Income	$ 1,612,000	$ 988,000
Expense	$ 1,652,000	$ 959,000

All intercompany transactions and balances have been eliminated.

The carrying amounts and classification of the assets and liabilities of the variable interest entity included in the consolidated financial statements at December 31, 2015 and 2014 is as follows:

	2015	2014
Cash and cash equivalents	$ 5,500	$ 51,000
Accounts receivable	238,000	199,000
Property and equipment, net	16,500	27,000
Total Assets	$ 260,000	$ 277,000
Accounts payable and accrued expenses	$ 50,000	$ 51,000
Deferred revenue	197,000	198,000
Loan payable to related party	25,000	-
Total Liabilities	$ 272,000	$ 249,000

The creditor of the variable interest entity loan payable from related party is a shareholder of the Company.

Note 10 - Leases

Effective June 1, 2011, the Company entered into an eight year operating lease for office space in Melville, NY. The Company shares the leased office space with ABC2, a company affiliated by common ownership and management, and charges ABC2 50% of all occupancy charges incurred. The future minimum payments on the lease, net of charges to affiliated company, for each of the next four years and in the aggregate amount to the following:

December 31, 2016	$ 48,236
2017	49,683
2018	51,174
2019	21,584
	$ 170,677

Rent and occupancy expense for the years ended December 31, 2015 and 2014 amounted to approximately $55,000 and $51,000, respectively, and is included in “General and Administrative” expenses on the related statements of income.

Note 11 - Subsequent Events

Date of Management's Review:

The Company's management has evaluated subsequent events for the period from December 31, 2015, the date of these Consolidated Financial Statements, through January 23, 2017, which represents the date these Consolidated Financial Statements were available to be issued.

Sale of business:

On October 26, 2016, the shareholders of the Company entered into an Asset Purchase Agreement with Data Storage Corporation Inc. ("DSCI"), a Delaware Corporation, whereby DSCI agreed to purchase substantially all assets of the Company in exchange for shares of stock in DSCI.

Exhibit 99.2

ABC Services II, Inc.

Financial Statements

December 31, 2015 and 2014

ABC Services II, Inc.

Table of Contents

www.rrbb.com
ROSENBERGRICH BAKER BERMAN & COMPANY
265 Davidson Avenue, Suite 210 • Somerset, NJ 08873-4120 • PHONE 908-231-1000 • FAX 908-231-6894
111 Dunnell Road, Suite 100 • Maplewood, NJ 07040 • PHONE 973-763-6363 FAX 973-763-4430

Independent Auditors' Report

To the Shareholders of
ABC Services II, Inc.

We have audited the accompanying financial statement s of ABC Services II, Inc., which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of income, shareholders' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whet her due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity' s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effective ness of the entity' s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC Services II, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rosenberg Rich Baker Berman & Company

Somerset, New Jersey
January 23, 2017

ABC Services II, Inc.
Balance Sheets

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash	$ 35,369	$ 50,661
Accounts receivable, net of allowance for doubtful accounts	197,848	235,508
Total current assets	233,217	286,169
Property and equipment, net of accumulated depreciation	72,333	94,333
	$ 305,550	$ 380,502
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued expenses	$ 211,484	$ 184,159
Borrowings under bank line of credit	51,160	52,060
Accounts payable to related party	36,188	33,580
Current portion of note payable - related party	27,724	26,008
Total current liabilities	326,556	295,807
Note payable - related party, net of current portion	50,119	63,367
Total liabilities	376,675	359,174
Shareholders' equity (deficit):		
Common stock, 1,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Retained earnings (deficit)	(72,125)	20,328
Total shareholders' equity (deficit)	(71,125)	21,328
Total liabilities and shareholders' equity (deficit)	$ 305,550	$ 380,502

See accompanying notes to financial statements.

ABC Services II, Inc.
Statements of Income and Shareholders' Equity (Deficit)

	Year Ended December 31, 2015	Year Ended December 31, 2014
Net sales	$ 1,725,262	$ 1,812,596
Cost of sales	472,254	261,923
Gross profit	1,253,008	1,550,673
Operating expenses:		
Selling	166,332	186,059
Office administration	1,226,245	1,403,096
Total operating expenses	1,392,577	1,589,155
Loss before other income and expense	(139,569)	(38,482)
Other income (expense):		
Commissions	97,568	13,844
Interest expense	(13,306)	(11,342)
Total other income (expense)	84,262	2,502
Net income (loss)	(55,307)	(35,980)
Shareholders' equity, beginning of year	21,328	94,454
Shareholders' distributions	(37,146)	(37,146)
Shareholders' equity (deficit), end of year	$ (71,125)	$ 21,328

See accompanying notes to financial statements.

ABC Services II, Inc.
Statements of Cash Flows

	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash flows from operating activities:		
Net loss	$ (55,307)	$ (35,980)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	22,000	15,667
Change in provision for bad debts and returns	404	(3,203)
(Increase) decrease in:		
Accounts receivable	37,256	74,557
Increase (decrease) in:		
Accounts payable	27,518	17,862
Accounts payable to related party	2,415	29,000
Net cash provided by operating activities	34,286	97,903
Cash flows from investing activities:		
Payments for purchases of property and equipment	-	(110,000)
Net cash used in investing activities	-	(110,000)
Cash flows from financing activities:		
Payments on bank line of credit	(900)	-
Proceeds from long term debt	-	110,000
Payments of long term debt	(11,532)	(44,792)
Distributions to shareholders	(37,146)	(37,146)
Net cash provided by (used in) financing activities	(49,578)	28,062
Net increase (decrease) in cash	(15,292)	15,965
Cash, beginning of year	50,661	34,696
Cash, end of year	$ 35,369	$ 50,661
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 13,306	$ 11,342

See accompanying notes to financial statements.

Note 1 - Nature of Operations

Formed under the laws of the State of New York in 1994, ABC Services II, Inc. (the "Company") is a leading server and network solutions provider empowering their customers with innovative business technology, and helping them to prosper and surpass their competition with the ability and resources to meet all their IT systems integration needs, quickly and cost effectively. The Company's services fall in three main categories: IBM Power Systems Services, Cloud Services and Data Center Design. During 2015 and 2014, the Company's operations were primarily in the New York City metropolitan area.

Note 2 - Summary Of Significant Accounting Policies

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's more significant estimates relate to reserves for sales returns and uncollected accounts receivable. Actual results could differ from those estimates.

Accounts receivable:

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions, and the financial stability of its customers. Accounts are written off as uncollectible after collection efforts have failed. In addition, the Company does not generally charge interest on past-due accounts or require collateral. At December 31, 2015 and 2014, the allowance for doubtful accounts amounted to $14,501 and $14,097, respectively.

Property and Equipment, and Depreciation:

Property and equipment are stated at cost except for equipment acquired under capital lease obligations, which is stated at the lesser of the present value of the minimum lease payments over the lease term or the fair market value of the asset at lease inception. Depreciation is generally provided using the straight-line method over the estimated useful lives of the related assets.

Repairs and maintenance that do not improve or extend the lives of the property and equipment are charged to expense as incurred.

Revenue and Cost Recognition:

The Company recognizes revenue from product sales at the point of sale, net of sales taxes. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold.

Subscription revenue is recognized ratably over the term of the subscription. Payments received in advance of providing services are recorded as deferred revenue and amortized to revenue over the term of the agreement.

Note 2 - Summary Of Significant Accounting Policies (continued)

Revenue and Cost Recognition: (continued)

Revenue from time-and-materials contracts is recognized currently as the work is performed.

Cost of sales includes cost of merchandise sold or third-party service contracts sold during the period, shipping and handling costs, and sales taxes. Additionally, the cost of merchandise sold or third-party contracts sold during the period are recorded net of any discounts and allowances.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Shipping and handling costs:

Freight billed to customers is considered sales revenue and the related freight costs as a cost of sales.

Fair value of financial instruments:

The carrying value of the Company's financial instruments, consisting principally of cash, receivables, accounts payable and borrowings, approximates fair value due to either the short-term maturity of the instruments or borrowings with similar interest rates or maturities. The carrying amount of the line of credit borrowings approximates fair value because their interest rates approximate market interest rates.

Income taxes:

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold at the balance sheet dates, and no interest and penalties related to unrecognized tax benefits have been recognized in the Company’s financial statements.

The Company files tax returns in the U.S. federal jurisdictions and New York State and has no open tax years for 2012 and prior.

Compensated Absences:

The Company does not provide for the carryover of unused vacation or sick time beyond the calendar year and, consequently, no accrual of such costs is required at the balance sheet date.

Advertising:

The Company expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2015 and 2014 were $11,190 and $8,335, respectively.

Note 3 – Significant Concentrations of Credit Risk

Cash maintained at commercial banks is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 in total. From time to time, over the course of the years, cash balances may exceed the limit, however, at December 31, 2015 and 2014, cash balances did not exceed federally insured limits.

Credit risk for trade accounts is concentrated as well because substantially all of the balances are receivable from entities located within certain geographic regions. To reduce credit risk, the Company performs ongoing credit evaluations of its customers' financial conditions, but does not generally require collateral. In addition, at December 31, 2015, approximately 18% of the Company's accounts receivable is due from one unrelated customer and 16% (or approximately $33,000) is due from an affiliate. At December 31, 2014, approximately 32% of the Company's accounts receivable is due from one unrelated customer.

Note 4 – Major Customers

During 2015, approximately 31% of the Company's revenue was earned from two unrelated customers, 18% and 13%, respectively, and 10% (or approximately $182,000) from an affiliate. During 2014, approximately 11% of the Company's revenue was earned from one customer.

Note 5 – Property and Equipment

At December 31, property and equipment are comprised of the following:

	2015	2014
Computer equipment (5 years)	$ 110,000	$ 110,000
Less: accumulated depreciation	(37,667)	(15,667)
	$ 72,333	$ 94,333

Depreciation expense for the years ended December 31, 2015 and 2014 amounted to $22,000 and $15,667, respectively.

Note 6 - Related Party Transactions

At December 31, 2015 and 2014, the balance due to ABC Services, Inc., a company affiliated by common ownership and management, amounted to approximately $36,000 and $34,000, respectively. These balances represent expenses paid by ABC Services, Inc. on behalf of the Company, net of cash received. There are no formal terms and no interest charged.

The Company sells its subscription services in the regular course of business to Secure Infrastructure and Services, LLC, an affiliate related by common ownership Sales to this affiliate approximated $182,000 and $162,000 for 2015 and 2014, respectively. At December 31, 2015 and 2014, the accounts receivable amount was approximately $33,000 and $22,000 due from this affiliate.

The Company also sells its subscription services in the regular course of business to Systems Trading, Inc. ("STI"), an affiliate related by common ownership. Sales to STI approximated $25,000 and $33,000 for 2015 and 2014, respectively. At December 31, 2015 and 2014, the accounts receivable balance was approximately $1,000 and $6,000 due from STI.

Note 6 - Related Party Transactions (Continued)

In addition, in 2014, the Company agreed to a note payable to STI for the purchase of capital equipment. The note matures in March of 2018, bears interest at 6.40% per annum and is payable in monthly installments of $2,590.

	2015	2014
Balance due at December 31,	$ 77,843	$ 89,375
Amount due within one year	27,724	26,008
	$ 50,119	$ 63,367

The maturity of the note payable for each of the next three years and in the aggregate, amount to the following:

December 31, 2016	$ 27,724
2017	29,552
2018	20,567
	$ 77,843

Note 7 – Line-Of-Credit - Bank

The Company has a $55,000 line of credit, of which approximately $4,000 and $3,000 was unused at December 31, 2015 and 2014, respectively. Bank advances on the credit line are payable on demand and carry an interest rate of 1¾% over prime. The credit line is secured by substantially all corporate assets and is personally guaranteed by the two principal shareholders of the corporation.

Note 8 - Leases

Effective June 1, 2011, an entity affiliated by common ownership and management to the Company, ABC Services, Inc., entered into an eight year operating lease for office space in Melville, NY. The affiliated entity shares the leased office space with the Company and is charged 50% of all occupancy charges incurred. The future minimum payments on the lease, net of charges to affiliated company, for each of the next four years and in the aggregate amount to the following:

December 31, 2016	$ 48,236
2017	49,683
2018	51,174
2019	21,584
	$ 170,677

Rent and occupancy expense for the years ended December 31, 2015 and 2014 amounted to approximately $41,000 and $51,000, respectively, and is included in “General and Administrative” expenses on the related statements of income.

Note 9 - Subsequent Events

Date of Management's Review:

The Company has evaluated subsequent events for the period from December 31, 2015, the date of these Consolidated Financial Statements, through January 23, 2017, which represents the date these Consolidated Financial Statements were available to be issued.

Sale of business:

On October 26, 2016, the shareholders of the Company entered into an Asset Purchase Agreement with Data Storage Corporation Inc. ("DSCI"), a Delaware Corporation, whereby DSCI agreed to purchase substantially all assets of the Company in exchange for shares of stock in DSCI.

Exhibit 99.3

ABC Services, Inc.

Consolidated Financial Statements

September 30, 2016

ABC Services, Inc.

Table of Contents

ABC Services, Inc.
Consolidated Balance Sheets

		(Unaudited) September 30, 2016		December 31, 2015
ASSETS				
Current assets:				
Cash	$	69,562	$	53,428
Accounts receivable, net of allowance for doubtful accounts		518,222		313,054
Accounts receivable from related parties		10,348		36,188
Other current assets		2,340		-
Due from shareholders		18,000		18,000
Total current assets		618,472		420,670
Property and equipment, net		19,784		16,196
Total assets	$	638,256	$	436,866
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable and accrued expenses	$	361,987	$	372,613
Amount due to related party		24,316		-
Deferred revenue		278,274		197,047
Loan payable - shareholder		-		53,821
Total current liabilities		664,577		623,481
Shareholders' equity (deficit):				
Common stock, 1,000 shares authorized; 1,000 shares issued and outstanding		1,000		1,000
Retained earnings (deficit) - ABC Services, Inc.		(23,585)		(178,990)
Total shareholders' equity (deficit) - ABC Services, Inc.		(22,585)		(177,990)
Non-controlling interest		(3,736)		(8,625)
Total shareholders' equity (deficit)		(26,321)		(186,615)
Total liabilities and shareholders' equity (deficit)	$	638,256	$	436,866

See accompanying notes to financial statements and accountant's report.

ABC Services, Inc.
Consolidated Statement of Income and Shareholders' Equity (Unaudited)
Nine Months Ended September 30, 2016 and 2015

	2016	2015
Net sales	$ 2,792,116	$ 2,325,148
Cost of sales	2,112,816	2,138,376
Gross profit	679,300	186,772
Operating expenses:		
Selling	494,548	381,870
General and administrative	66,540	88,670
Total operating expenses	561,088	470,540
Income (loss) before other income	118,212	(283,768)
Other income:		
Commissions	24,832	61,425
Other income	27,250	28,000
Total other income	52,082	89,425
Net income (loss)	$ 170,294	$ (194,343)
Net income (loss) attributable to non-controlling interest	4,889	5,221
Net income (loss) attributable to controlling interest	$ 165,405	$ (199,564)
Net income (loss) above	$ 170,294	$ (194,343)
Shareholders' deficit, beginning of year	(186,615)	(81,854)
Distributions to shareholders	(10,000)	(35,000)
Shareholders' equity (deficit), end of period	$ (26,321)	$ (311,197)

See accompanying notes to financial statements and accountant's report.

ABC Services, Inc.
Consolidated Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net income (loss)	$ 170,294	$ (194,343)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	5,509	6,400
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(205,168)	89,445
Change in due to/from related party	50,156	57,896
Increase in other current assets	(2,340)	(31,285)
(Decrease) increase in accounts payable and accrued expenses	(10,626)	220,448
Increase (decrease) in deferred revenue	81,227	(62,332)
Net cash provided by operating activities	89,052	86,229
Cash flows from investing activities:		
Payments for purchases of property and equipment	(9,097)	-
Net cash used in investing activities	(9,097)	-
Cash flows from financing activities:		
(Repayments) borrowings on shareholder loan	(53,821)	952
Distributions to shareholders	(10,000)	(35,000)
Net cash used in financing activities	(63,821)	(34,048)
Net increase in cash	16,134	52,181
Cash, beginning of year	53,428	74,344
Cash, end of period	$ 69,562	$ 126,525
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for taxes	$ -	$ -

ABC Services, Inc.
Notes to Consolidated Financial Statements
September 30, 2016

Note 1 - Nature of Operations

Formed under the laws of the state of New York in 1994, ABC Services Inc. ("ABC") is a leading server and network solutions provider empowering their customers with innovative business technology, and helping them to prosper and surpass their competition with the ability and resources to meet all their IT systems integration needs, quickly and cost effectively. ABC's services fall in three main categories: IBM Power Systems Services, Cloud Services and Data Center Design. During 2015 and 2016, ABC's operations were primarily in the New York City metropolitan area.

Note 2 - Summary Of Significant Accounting Policies

Consolidation of Variable Interest Entity:

In 2013, Secure Infrastructure and Services, LLC ("SIAS"), an entity with a similar nature of operations as ABC was formed under the laws of the state of New York. ABC has a 50% member interest in SIAS, is controlled by ABC management and has common ownership interests. As such, SIAS is a variable interest entity as defined by accounting principles generally accepted in the United States ("GAAP") pertaining to "*Consolidation of Variable Interest Entities"* and has been consolidated into the financial statements of ABC from the date of their formation pursuant to GAAP.

The consolidated financial statements are those, substantially, of a single economic organization, however, they are not of a single legal entity; nevertheless, the consolidated financial statements are referred to as those of the "Company". All material intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Company, as required by GAAP, identifies and segregates in the consolidated financial statements the balances and amounts included in shareholders' equity and in net income attributable to the non-controlling interests of the Company, which is the interest in the variable interest entity, SIAS. The account attributable to SIAS is identified as "non-controlling interest" in equity.

Use of Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's more significant estimates relate to reserves for uncollected receivables. Actual results could differ from those estimates.

Accounts Receivable:

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions, and the financial stability of its customers. Accounts are written off as uncollectible after collection efforts have failed. In addition, the Company does not generally charge interest on past due accounts or require collateral. At September 30, 2016 and December 31, 2015, the Company determined the allowance for doubtful accounts was $0 and $7,560, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation:

Equipment is stated at cost except for equipment acquired under capital lease obligations, which is stated at the lesser of the present value of the minimum lease payments over the lease term or the fair market value of the asset at lease inception. Depreciation is generally provided using the straight-line method over the estimated useful lives of the related assets.

Repairs and maintenance that do not improve or extend the lives of the property and equipment are charged to expense as incurred.

Revenue and Cost Recognition:

The Company recognizes revenue from product sales at the point of sale, net of sales taxes. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold.

Subscription revenue is recognized ratably over the term of the subscription. Payments received in advance of providing services are recorded as deferred revenue and amortized to revenue over the term of the agreement.

Revenue from time-and-materials contracts is recognized currently as the work is performed.

Cost of sales includes cost of merchandise sold or third-party service contracts sold during the period, shipping and handling costs, and sales taxes. Additionally, the cost of merchandise sold or third-party contracts sold during the period are recorded net of any discounts and allowances.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Shipping and Handling Costs:

Freight billed to customers is considered sales revenue and the related freight costs as a cost of sales.

Fair Value of Financial Instruments:

The carrying value of the Company's financial instruments, consisting principally of cash, receivables, accounts payable, deferred revenue, and loan payable, shareholders approximates fair value due to either the short-term maturity of the instruments or borrowings with similar interest rates or maturities. The carrying amount of the line of credit borrowings approximates fair value because their interest rates approximate market interest rates.

Income Taxes:

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the Consolidated Financial Statements.

Note 2 - Summary Of Significant Accounting Policies (continued)

Income Taxes:

The Company accounts for uncertainty in income taxes using a recognition threshold of more-likely- than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold at the balance sheet dates, and no interest and penalties related to unrecognized tax benefits have been recognized in the Company's Consolidated Financial Statements.

The Company files tax returns in the U.S. federal jurisdictions and New York State and has no open tax years for 2013 and prior.

Advertising:

The Company expenses advertising costs as they are incurred. Advertising expense for the nine months ended September 30, 2016 and 2015 was approximately $128,000 and $79,000, respectively.

Note 3 - Significant Concentrations of Credit Risk

Cash maintained at commercial banks is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 in total. From time to time over the course of the years cash balances may exceed the limit, however, at September 30, 2016 and December 31, 2015, cash balances did not exceed federally insured limits.

Credit risk for trade accounts is concentrated as well because substantially all of the balances are receivable from entities located within certain geographic regions. To reduce credit risk, the Company performs ongoing credit evaluations of its customers' financial conditions, but does not generally require collateral. In addition, at September 30, 2016, two customers represented 11% and 10% of accounts receivable.

Note 4 - Major Customers

During the nine months ended September 30, 2016, two customers represented 18% and 10% of sales, respectively. The accounts receivable at September 30, 2016 of these customers was 11% and 6%, respectively.

During the nine months ended September 30, 2015, one customer represented 12% of sales.

Note 5 – Balance Due from Shareholders

At September 30, 2016 and December 31, 2015, the balance due from shareholders amounted to $18,000. There are no formal terms and no interest charged.

Note 6 - Property and Equipment

At September 30, 2016 and December 31, 2015, equipment was comprised of the following:

	2016	2015
Machinery and equipment (5 to 7 years)	$ 51,763	$ 42,667
Less: accumulated depreciation	(31,979)	(26,471)
	$ 19,784	$ 16,196

Depreciation expense for the nine months ended September 30, 2016 and 2015 was $5,509 and $6,400.

Note 7 - Related Party Transactions

The Company, in the regular course of business, rents equipment from Systems Trading, Inc. ("STI"), an affiliate related by common ownership on a month to month basis. For the nine months ended September 30, 2016 and 2015, rents paid to STI approximated $569,000 and $497,000, respectively.

The Company, in the regular course of business, purchases merchandise for resale from, ABC Services II, Inc. ("ABC2"), an affiliate related by common ownership and management. For the nine months ended September 30, 2016 and 2015, purchases from ABC2 approximated $315,000 and $241,000, respectively. At September 30, 2016, the balance of accounts payable due to ABC2 approximated $24,000.

Note 8 - Reconciliation of Balance of Non-Controlling Interest in Equity

The components of the change in the balance of the non-controlling interest in equity at September 30, 2016, is as follows:

Balance at January 1	$ (8,625)
Net income	4,889
Balance at December 31	$ (3,736)

Note 9 - Consolidated Variable Interest Entity (See Note 2)

Summarized financial information for SIAS, the variable interest entity included in the consolidated financial statements at September 30, 2016, and for the nine months then ended, is as follows:

Assets	$	364,272
Liabilities	$	367,074

		2016		2015
Income	$	1,293,003	$	1,193,794
Cost of sales	$	992,284	$	902,559
Expense	$	347,122	$	314,343
Other income	$	35,750	$	28,000

All intercompany transactions and balances have been eliminated.

The carrying amounts and classification of the assets and liabilities of the variable interest entity included in the consolidated financial statements at September 30, 2016 are as follows:

Cash and cash equivalents	$	15,717
Accounts receivable (including related parties)		326,431
Other current assets		2,340
Property and equipment, net		19,784
Total Assets	$	364,272
Accounts payable and accrued expenses	$	88,800
Deferred revenue		278,274
Total Liabilities	$	367,074

Note 10 - Lease

Effective June 1, 2011, a entity affiliated by common ownership and management to the Company entered into an eight year operating lease for office space in Melville, NY. The affiliated entity shares the leased office space with the Company and is charged 50% of all occupancy charges incurred. The future minimum payments on the lease, net of charges to affiliated company, for each of the next four years and in the aggregate amount to the following:

December 31, 2016 (remainder of year)	$	12,207
2017		49,683
2018		51,174
2019		21,584
	$	134,648

Rent expense for the nine months ended September 30, 2016 and 2015 was $38,693 and $34,979, respectively.

Note 11 - Subsequent Events

Date of Management's Review:

The Company's management has evaluated subsequent events for the period from September 30, 2016, the date of these Consolidated Financial Statements, through January 24, 2017, which represents the date these Consolidated Financial Statements were available to be issued.

Sale of Business:

On October 26, 2016, the shareholders of the Company entered into an Asset Purchase Agreement with Data Storage Corporation Inc. ("DSCI"), a Delaware Corporation, whereby DSCI agreed to purchase substantially all assets of the Company in exchange for shares of stock in DSCI.

Exhibit 99.4

ABC Services II, Inc.

Financial Statements

September 30, 2016

ABC Services II, Inc.

Table of Contents

ABC Services II, Inc.
Balance Sheets

		(Unaudited) September 30, 2016		December 31, 2015
ASSETS				
Current assets:				
Cash	$	75,031	$	35,369
Accounts receivable, net of allowance for doubtful accounts		146,544		197,848
Total current assets		221,575		233,217
Equipment, net of accumulated depreciation		55,833		72,333
	$	277,408	$	305,550
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable and accrued expenses	$	270,250	$	211,484
Borrowings under bank line of credit		50,412		51,160
Accounts payable - related party		26,396		36,188
Current portion of note payable - related party		62,589		27,724
Total current liabilities		409,647		326,556
Note payable - related party, net of current portion		15,254		50,119
Total liabilities		424,901		376,675
Shareholders' deficit:				
Common stock, 1,000 shares authorized; 1,000 shares issued and outstanding		1,000		1,000
Shareholders' deficit		(148,493)		(72,125)
Total shareholders' deficit		(147,493)		(71,125)
Total liabilities and shareholders' deficit	$	277,408	$	305,550

ABC Services II, Inc.
Statements of Operations and Shareholders' Deficit (Unaudited)
Nine Months Ended September 30, 2016 and 2015

	2016	2015
Net sales	$ 1,476,033	$ 1,338,797
Cost of sales	535,848	448,931
Gross profit	940,185	889,866
Operating expenses:		
Selling	81,275	122,420
Office administration	904,505	926,595
Total operating expenses	985,780	1,049,015
Loss before other income and expense	(45,595)	(159,149)
Other income (expense):		
Commissions	3,767	93,770
Interest expense	(6,680)	(4,844)
Total other income (expense)	(2,913)	88,926
Net loss	(48,508)	(70,223)
Shareholders' equity (deficit), beginning of year	(71,125)	20,328
Shareholders' distributions	(27,860)	(27,860)
Shareholders' deficit, end of period	$ (147,493)	$ (77,755)

See accompanying notes to financial statements and accountant's report

ABC Services II, Inc.
Statements of Cash Flows (Unaudited)
Nine Months Ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net loss	$ (48,508)	$ (70,223)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	16,500	16,500
Change in operating assets and liabilities:		
Decrease in accounts receivable	51,304	73,773
Increase (Decrease) in accounts payable and accrued expenses	58,766	(3,576)
(Decrease) Increase in accounts payable to related party	(9,792)	193
Net cash provided by operating activities	68,270	16,667
Cash flows from financing activities:		
Net repayments on bank line of credit	(748)	-
Distributions to shareholders	(27,860)	(27,860)
Net cash used in financing activities	(28,608)	(27,860)
Net increase (decrease) in cash	39,662	(11,193)
Cash, beginning of year	35,369	50,661
Cash, end of period	$ 75,031	$ 39,468
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 6,680	$ 4,844

ABC Services II, Inc.
Notes to Financial Statements
September 30, 2016

Note 1 - Nature of Operations

Formed under the laws of the State of New York in 1994, ABC Services II, Inc. (the "Company") is a leading server and network solutions provider empowering their customers with innovative business technology, and helping them to prosper and surpass their competition with the ability and resources to meet all their IT systems integration needs, quickly and cost effectively. The Company's services fall in three main categories: IBM Power Systems Services, Cloud Services and Data Center Design. The Company's operations are primarily in the New York City metropolitan area.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's more significant estimates relate to reserves for sales returns and uncollected accounts receivable. Actual results could differ from those estimates.

Accounts Receivable:

Accounts receivable are recorded when invoices are issued and are presented in the balance sheet net of the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions, and the financial stability of its customers. Accounts are written off as uncollectible after collection efforts have failed. In addition, the Company does not generally charge interest on past-due accounts or require collateral. At September 30, 2016 and December 31, 2015, the allowance for doubtful accounts was $14,501, respectively.

Equipment and Depreciation:

Equipment is stated at cost except for equipment acquired under capital lease obligations, which is stated at the lesser of the present value of the minimum lease payments over the lease term or the fair market value of the asset at lease inception. Depreciation is generally provided using the straight-line method over the estimated useful lives of the related assets.

Repairs and maintenance that do not improve or extend the lives of the property and equipment are charged to expense as incurred.

Revenue and Cost Recognition:

The Company recognizes revenue from product sales at the point of sale, net of sales taxes. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold.

Subscription revenue is recognized ratably over the term of the subscription. Payments received in advance of providing services are recorded as deferred revenue and amortized to revenue over the term of the agreement.

Revenue from time-and-materials contracts is recognized currently as the work is performed.

Cost of sales includes cost of merchandise sold or third-party service contracts sold during the period, shipping and handling costs, and sales taxes. Additionally, the cost of merchandise sold or third-party contracts sold during the period are recorded net of any discounts and allowances.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Shipping and Handling Costs:

Freight billed to customers is considered sales revenue and the related freight costs as a cost of sales.

Fair Value of Financial Instruments:

The carrying value of the Company's financial instruments, consisting principally of cash, receivables, accounts payable and borrowings, approximates fair value due to either the short-term maturity of the instruments or borrowings with similar interest rates or maturities. The carrying amount of the line of credit borrowings approximates fair value because their interest rates approximate market interest rates.

Income Taxes:

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

The Company accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold at the balance sheet dates, and no interest and penalties related to unrecognized tax benefits have been recognized in the Company’s financial statements.

The Company files tax returns in the U.S. federal jurisdictions and New York State and has no open tax years for 2013 and prior.

Advertising:

The Company expenses advertising costs as they are incurred. Advertising expense for the nine months ended September 30, 2016 and 2015 was $19 and $11,817, respectively.

Note 3 – Significant Concentrations of Credit Risk

Cash maintained at commercial banks is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 in total. From time to time, over the course of the years, cash balances may exceed the limit, however, at September 30, 2016, cash balances did not exceed federally insured limits.

Credit risk for trade accounts is concentrated as well because substantially all of the balances are receivable from entities located within certain geographic regions. To reduce credit risk, the Company performs ongoing credit evaluations of its customers’ financial conditions, but does not generally require collateral. In addition, at September 30, 2016, two customers represented approximately 25% (related party) and 13% of the Company’s accounts receivable.

Note 4 – Major Customers

During the nine months ended September 30, 2016, three customers represented approximately 26%, 12% (related party), and 10% of the Company's revenue, respectively. These customers also comprised 5%, 25%, and 6% of accounts receivable, respectively, at September 30, 2016.

During the nine months ended September 30, 2015, two customers represented approximately 17% and 15% of the Company's revenue, respectively.

Note 5 – Equipment, Net

At September 30, 2016 and December 31, 2015, property and equipment are comprised of the following:

	2016	2015
Computer equipment (5 years)	$ 110,000	$ 110,000
Less: accumulated depreciation	(54,167)	(37,667)
	$ 55,833	$ 72,333

Depreciation expense for the nine months ended September 30, 2016 and 2015, were $16,500 and $16,500 respectively.

Note 6 - Related Party Transactions

The Company sells its subscription services in the regular course of business to ABC Services, Inc., an affiliate related by common ownership. Sales to this affiliate approximated $133,000 and $97,000 the nine months ended September 30, 2016 and 2015, respectively. This affiliate also pays certain expenses on behalf of the Company, which the Company reimburses the affiliate for. At September 30, 2016, there was approximately $16,000 due to this Company.

The Company sells its subscription services in the regular course of business to Secure Infrastructure and Services, LLC, an affiliate related by common ownership. Sales to this affiliate approximated $182,000 and $144,000 the nine months ended September 30, 2016 and 2015, respectively. At September 30, 2016, there was approximately $40,000 due from this Company.

The Company also sells its subscription services in the regular course of business to Systems Trading, Inc. ("STI"), an affiliate related by common ownership. Sales to STI approximated $19,000 and $14,000 for the nine months ended September 30, 2016 and 2015, respectively. At September 30, 2016, there was $1,742 due from this Company.

In addition, in 2014, the Company agreed to a note payable to STI for the purchase of capital equipment. The note matures in March of 2018, bears interest at 6.40% per annum and is payable in monthly installments of $2,590. The Company is currently in arrears on the note. Interest expense on the note was $2,983 and $2,387 for the nine months ended September 30, 2016 and 2015, respectively.

	September 30, 2016	December 31, 2015
Balance due	$ 77,843	$ 77,843
Amount due within one year	29,084	27,724
	$ 48,759	$ 50,119

Note 6 - Related Party Transactions (Continued)

The below table shows the future amounts due on this note.

Years Ending December 31,

2016 (remainder of year)	$	7,098
2017		29,552
2018		7,688
		44,338
Amount in arrears		33,505
Total amount outstanding	$	77,843

Note 7 – Line-Of-Credit - Bank

The Company has a $55,000 line of credit with no set maturity date that bears interest at the Prime Rate plus 1.75% (5.00% at September 30, 2016). The credit line is secured by substantially all corporate assets and is personally guaranteed by the two principal shareholders of the corporation. At September 30, 2016, $50,412 was outstanding on the line.

Note 8 - Lease

Effective June 1, 2011, an entity affiliated by common ownership and management to the Company entered into an eight-year operating lease for office space in Melville, NY. The affiliated entity shares the leased office space with the Company and is charged 50% of all occupancy charges incurred. The future minimum payments on the lease, net of charges to affiliated company, for each of the next four years and in the aggregate amount to the following:

Years Ending December 31,

2016 (remainder of year)	$	12,207
2017		49,683
2018		51,174
2019		21,584
	$	134,648

Rent expense for the nine months ended September 30, 2016 and 2015, was $38,693 and $31,287, respectively.

Note 9 - Subsequent Events

Date of Management's Review:

The Company has evaluated subsequent events for the period from September 30, 2016, the date of these Financial Statements, through January 24, 2017, which represents the date these Financial Statements were available to be issued.

Sale of business:

On October 26, 2016, the shareholders of the Company entered into an Asset Purchase Agreement with Data Storage Corporation Inc. (“DSCI”), a Delaware Corporation, whereby DSCI agreed to purchase substantially all assets of the Company in exchange for shares of stock in DSCI.

Exhibit 99.5

DATA STORAGE CORPORATION AND SUBSIDIARY
INDEX TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

The following unaudited pro forma condensed combined financial information has been prepared to illustrate the effects of the acquisition of ABC Services Inc. ("ABC I"), a New York corporation, and ABC Services II Inc. ("ABC II" and collectively with ABC I, "ABC"), which closed on October 25, 2016. The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are directly attributable to the acquisition, factually supportable and, with respect to the statements of operations, expected to have a continuing impact on the results of operations.

The unaudited pro forma condensed combined balance sheet is based on the individual historical balance sheet of Data Storage Corporation (DSC) and ABC, as of September 30, 2016, and has been prepared to reflect the effects of the ABC acquisition as if it occurred on September 30, 2016. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2015 and the nine months ended September 30, 2016 combine the historical results and operations of DSC and ABC giving effect to the acquisition as if it had occurred on January 1, 2015.

The unaudited pro forma condensed combined statements of operations do not reflect future events that may occur after the completion of the acquisition, connection with the acquisition, including, but not limited to, costs in connection with integrating the operations of ABC.

These unaudited pro forma condensed combined financial statements are for informational purposes only. They do not purport to indicate the results that would actually have been obtained had the acquisition been completed on the assumed date or for the periods presented, or which may be realized in the future. including, but not limited to, the anticipated realization of ongoing savings from operating synergies and certain one-time charges DSC expects to incur in connection with the acquisition, including, but not limited to, costs in connection with integrating the operations of ABC. These unaudited pro forma condensed combined financial statements are for informational purposes only. They do not purport to indicate the results that would actually have been obtained had the acquisition been completed on the assumed date or for the periods presented, or which may be realized in the future.

The following unaudited pro forma condensed combined financial statements are presented to illustrate the pro forma effects of our having entered into and closed a Share Exchange Agreement with ABC I and ABC II, hence consummation of the asset acquisition. We have derived our historical financial data for the nine months ended September 30, 2016 and for the year ended December 31, 2015 from our financial statements contained on Form 10-Q and Form 10-K, respectively, as filed with the Securities and Exchange Commission. We have derived ABC I and ABC II historical financial statements as of September 30, 2016, and for the nine months ended September 30, 2016 from the interim reviewed financial statements for those entities. We have derived ABC I and ABC II historical financial statements for the year ended December 31, 2015 from ABC I and ABC II's audited financial statements for the year then ended.

The unaudited pro forma condensed combined balance sheet as of September 30, 2016 assumes the asset acquisition consummated at the end of the period. The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2016 and for the year ended December 31, 2015 assume that the asset acquisition and distribution of certain assets and liabilities consummated at the beginning of the periods presented.

The information presented in the unaudited pro forma condensed combined financial statements does not purport to represent what our financial position or results of operations would have been had the Share Exchange Agreement and distribution of assets and liabilities, nor is it indicative of our future financial position or results of operations for any period. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the Share Exchange Agreement.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. These unaudited pro forma condensed combined financial statements should be read in conjunction with the accompanying notes and assumptions and the historical financial statements and related notes of the Company, ABC I and ABC II.

The foregoing information is a summary of each of the agreements involved in the transactions described above, is not complete, and is qualified in its entirety by reference to the full text of those agreements, each of which is attached an exhibit to this Current Report on Form 8-K. Readers should review those agreements for a complete understanding of the terms and conditions associated with this transaction.

The following unaudited pro forma adjustments are incorporated into the unaudited pro forma condensed combined balance sheet as of September 30, 2016, the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2016 and for the year ended December 31, 2015.

Introduction to Unaudited Pro Forma Condensed Combined Financial Statements

Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2016

Unaudited Pro Forma Condensed Combined Statement of Operations for the Nine Months Ended September 30, 2016

Unaudited Pro Forma Condensed Combined Statement of Operations for the Year Ended December 31, 2015

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

DATA STORAGE CORPORATION AND SUBSIDIARY
UNAUDITED PRO FORMA CONDENSED BALANCE SHEET

	Data Storage Corporation and Subsidiary September 30, 2016	ABC Services, Inc. September 30, 2016	ABC Services II, Inc. September 30, 2016	Pro Forma Adjustments DR	Pro Forma Adjustments CR	Pro Forma Balances
ASSETS						
Cash and cash equivalents	$ 105,471	$ 69,562	$ 75,031	$ -	$ -	$ 250,064
Accounts receivable (less allowance for doubtful accounts of $15,000 in 2015 and $15,000 in 2014)	103,633	518,222	146,544	-	(127,095)(1)	641,304
Accounts Receivable Related Parties	-	10,348	-	-	-	10,348
Due from Shareholders	-	18,000	-	-	-	18,000
Prepaid expenses and other current assets	275,408	2,340				277,748
Total Current Assets	484,512	618,472	221,575	0	(127,095)	1,197,464
Property and Equipment:						
Property and equipment	3,375,958	51,763	110,000	-	-	3,537,721
Less—Accumulated depreciation	(3,198,587)	(31,979)	(54,167)			(3,284,733)
Net Property and Equipment	177,371	19,784	55,833	0	0	252,988
Other Assets:						
Goodwill	2,201,828	-	-	1,909,902	-(3)	4,111,730
Other assets	15,156	-	-	-	-	15,156
Intangible assets, net	327,457	-	-	10,000	-(3)	337,457
Investment in joint venture – at equity	17,545				(17,545)(2)	0
Total Other Assets	2,561,986	0	0	1,919,902	(17,545)	4,466,343
Total Assets	$ 3,223,869	$ 638,256	$ 277,408	$ 1,919,902	$ (144,640)	$ 5,914,795
LIABILITIES AND STOCKHOLDERS' DEFICIT						
Current Liabilities:						
Accounts payable and accrued expenses	$ 1,619,016	$ 361,987	$ 270,250	$ (691,722)	$ -(1),(4)	$ 1,559,531
Revolving credit facility	99,292	-	50,412	-	-	149,704
Due to related party	-	24,316	26,396	-	-	50712
Dividend payable	591,623	-	-	-	-	591,623
Deferred revenue	342,506	278,274	-	-	-	620,780
Due from Officer	0	-	-	-	-	0
Leases payable	252,841	-	-	-	-	252,841
		-	62,589	-	-	62,589
Note payable – Enterprise Bank	350,000	-	-	-	-	350,000
Convertible debt – related parties net of discount	901,924			(901,924)	(4)	0
Total Current Liabilities	4,157,202	664,577	409,647	(1,593,646)	0	3,637,780
Deferred rental obligation	1,741	-		-	-	1,741
Note Payable – related party	12,000	-	15,254	-	-	27,254
Leases payable long term	155,574	-	-	-	-	155,574
Convertible debt – related parties	1,199,439			(1,199,439)	(4)	0
Total Long Term Liabilities	1,368,754	0	15,254	(1,199,439)	0	184,569
Total Liabilities	5,525,956	664,577	424,901	(2,793,085)	0	3,822,349
Stockholders' Deficit:						
Preferred Stock, $.001 par value; 10,000,000 shares authorized; 1,401,786 shares issued and outstanding in each period	1,402	-	-	-	-	1,402
Common stock, par value $0.001; 250,000,000 shares authorized; 36,588,240 shares issued and outstanding in each period	36,588	1,000	1,000	(2,000)	91,451(3),(4)	128,039
Additional paid in capital	12,841,752	-	-	-	4,288,177(2)(3),(4)	17,129,929
Accumulated deficit	(15,181,829)	(27,321)	(148,493)	-	190,719(2),(3)	(15,166,924)
Total Stockholders' (Deficit) Equity	(2,302,087)	(26,321)	(147,493)	(27,006)	4,597,353	2,092,446
Total Liabilities and Stockholders' (Deficit)	$ 3,223,869	$ 638,256	$ 277,408	$ (2,820,091)	$ 4,597,353	$ 5,914,795

DATA STORAGE CORPORATION AND SUBSIDIARY
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

	Data Storage Corporation and Subsidiary	ABC Services, Inc.	ABC Services II, Inc.	Pro Forma Adjustments		
	For the Nine Months Ended September 30, 2016	For the Nine Months Ended September 30, 2016	For the Nine Months Ended September 30, 2016	DR	CR	Pro Forma Balances
Sales	$ 2,912,152	$ 2,792,116	$ 1,476,033	$ 430,943	$ (1)	$ 6,749,358
Cost of sales	1,861,148	2,112,816	535,848	-	430,943(1)	4,078,869
Gross Profit	1,051,004	679,300	940,185	430,943	(430,943)	2,670,489
Selling, general and administrative	1,354,785	561,088	985,780	-	-	2,901,653
Income (loss) before other income (expense)	(303,781)	118,212	(45,595)	430,943	(430,943)	(231,164)
Other Income (Expense):						
Commissions	-	24,832	3,767	-	-	28,599
Other Income	-	27,250	-	-	-	27,250
Bad debt recovery	1,508	-	-	-	-	1,508
Net loss on equity method investment	(2,572)	-	-	-	2,572(2)	-
Interest expense	(204,466)		(6,680)	-	157,676	(53,470)
Total Other (Expense)	(205,530)	52,082	(2,913)	-	160,248	3,887
Net income before controlling interests in equity	(509,311)	170,294	(48,508)	430,943	(270,695)	(227,277)
Net loss attributable to non-controlling interests in equity	-	(4,889)	-	-	4,889(2)	-
Net Income (Loss) before provision for income taxes	(509,311)	165,405	(48,508)	430,943	(265,806)	(227,277)
Provision for income taxes	-	-	-	-	-	-
Net Loss	(509,311)	165,405	(48,508)	430,943	(265,806)	(227,277)
Preferred Stock Dividend	(78,550)	-	-	-	-	(78,550)
Net Loss Attributable to Common Shareholders	$ (587,861)	$ 165,405	$ (48,508)	$ 430,943	$ (265,806)	$ (305,827)
NET LOSS PER COMMON SHARE						
Basic and diluted	$ (0.01)					$ (0.00)
WEIGHTED AVERAGE SHARES OUTSTANDING						
Basic and diluted	36,588,240					124,368,500

DATA STORAGE CORPORATION AND SUBSIDIARY
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

	Data Storage Corporation and Subsidiary	ABC Services, Inc.	ABC Services II, Inc.	Pro Forma Adjustments		
	For the Year Ended December 31, 2015	For the Year Ended December 31, 2015	For the Year Ended December 31, 2015	DR	CR	Pro Forma Balances
Sales	$ 3,991,351	$ 2,850,562	$ 1,725,262	$ (423,608)	$ -(1)	$ 8,143,567
Cost of sales	2,502,524	2,239,787	472,254	-	(423,608)(1)	4,790,957
Gross Profit	1,488,827	610,775	1,253,008	(423,608)	423,608	3,352,610
Selling, general and administrative	1,881,097	753,225	1,392,577	-	-	4,026,899
Income (loss) before other income (expense)	(392,270)	(142,450)	(139,569)	(423,608)	423,608	(674,289)
Other Income (Expense)						
Interest income	2	-	-	-	-	2
Commissions	-	72,689	97,568	-	-	170,257
Loss on sale of abandoned equipment	(6,338)	-	-	-	-	(6,338)
Other expense - litigation settlement	(12,500)	-	-	-	-	(12,500)
Net gain on equity method investment	4,418	-	-		(4,418)(2)	-
Interest expense	(287,652)	-	(13,306)	-	209,416	(91,542)
Total Other (Expense)	(302,070)	72,689	84,262	-	204,998	59,879
Net Income (Loss) before provision non-controlling interest in equity	(694,340)	(69,761)	(55,307)	(423,608)	628,606	(614,410)
Net loss attributable to non-controlling interests in equity	-	(20,168)	-		20,168(2)	-
Net Income (loss) before provision for income taxes	(694,340)	(69,761)	(55,307)	(423,608)	648,774	(614,410)
Provision for income taxes	-	-	-			-
Net Loss	(694,340)	(69,761)	(55,307)	(423,608)	648,774	(614,410)
Preferred Stock Dividend	(96,013)					(96,013)
Net Loss Attributable to Common Shareholders	$ (790,353)	$ (69,761)	$ (55,307)	$ (423,608)	$ 648,774	$ (710,423)
NET LOSS PER COMMON SHARE						
Basic and diluted	$ (0.01)					$ (0.01)
WEIGHTED AVERAGE SHARES OUTSTANDING						
Basic and diluted	36,588,240					124,368,500

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMETNS
September 30, 2016

BACKGROUND

On October 25, 2016, Data Storage Corporation (the "Company"), through its wholly-owned subsidiary (the "Subsidiary"), entered into and closed two Asset Purchase Agreements (collectively, the "Purchase Agreements") with ABC Services Inc. ("ABC I"), a New York corporation, and ABC Services II Inc. ("ABC II" and collectively with ABC I, "ABC"), a New York Corporation, pursuant to which the Subsidiary purchased certain assets from ABC, including tangible assets and service agreements, in consideration of an aggregate 64,669,936 shares of common stock of the Company (the "Shares"). The Closing occurred on October 25, 2016. In the event that the audits of ABC I or ABC II for the fiscal year ended December 31, 2015 provide that either ABC I or ABC II have generated less than $2,000,000 in revenue, then such entity's respective Shares will be reduced by the proportionate amount of such shortfall.

On October 25, 2016. the Company entered into three Conversion Agreements with three affiliates (collectively, the "Affiliates") of the Company pursuant to which the Company and the Affiliates agreed to convert an aggregate of $2,678,124.28 in debt owed by the Company to the Affiliates into shares of common stock of the Company at a conversion price of $0.10 per share (the "Conversion Price") resulting in the issuance of an aggregate of 26,781,242 shares of common stock of the Company to the Affiliates. Specifically, the Company and Charles Piluso converted $1,802,521.08 into 18,025,210, the Company and John Coghlan converted $138,822 into 1,388,220 shares of common stock of the Company and the Company and Clifford Stein converted $736,781.20 into 7,367,812 shares of common stock of the Company. At the end of the 90 day period following the Effective Date, if the average closing price during any ten (10) day period during the 90 day period is greater than $0.10 per share (the "Adjusted Conversion Price"), then the Conversion Price will be adjusted to equal the Adjusted Conversion Price; provided, however, that the Adjusted Conversion Price will have a ceiling of $0.20 per share, whereby if the 10 day average closing price is greater than $0.20 per share during the 90 day period, then the Conversion Price will be adjusted to equal $0.20 per share. There will only be one adjustment.

BASIS OF PRESENTATION

The unaudited pro forma condensed combined financial statements have been prepared in order to present combined financial position and results of operations of the Company, ABC I and ABC II as if the asset acquisition had occurred as of September 30, 2016 for the unaudited pro forma condensed combined balance sheet, and to give effect to the acquisition of ABC I and ABC II, as if the transaction had taken place at January 1, 2015 for the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2015, and for the nine months ended September 30, 2016.

The condensed financial statements of the Company as of September 30, 2016, for the nine months ended September 30, 2016 and for the year ended December 31, 2015 were derived from the financial statements contained on Form 10-Q and 10-K, respectively, as filed with the Securities and Exchange Commission.

The condensed financial statements of ABC I and ABC II as of September 30, 2016, for the nine months ended September 30, 2016 and for year ended December 31, 2015 were derived from the financial statements for those entities contained elsewhere in this Form 8-K/A.

PRO FORMA ADJUSTMENTS

(1) Accounts Payable, Accounts Receivable, Sales and Revenue – Prior to the acquisition of the assets of ABC, DSC and ABC provided services to each other on an arms-length basis. These adjustments represent the elimination of the revenue, expense and relate accounts receivable and payables.

(2) Investment in Joint Venture at equity and Net Loss attributable to non-controlling interests in equity– prior to the acquisition of the assets of ABC, DSC and ABC operated a joint venture. DSC reported the Joint Venture under the equity method of accounting while ABC reported the controlling interest. This entry represents the elimination of the equity method investment and the related equity gain or loss and income (loss) from the non-controlling interest.

(3) Purchase accounting - Adjustment reflects the preliminary purchase price allocation based on fair value of the shares issued, and the net assets (liabilities) and identifiable intangible assets acquired in the acquisition.

Excess purchase price over net assets (liabilities) acquired	$	1,919,902
Value assigned to certain intangibles	$	(10,000)
Pro forma adjustment – Goodwill	$	1,909,902

(4) This entry represents the conversion of this convertible debt of Affiliates as of January 1, 2015, as described above, assuming no subsequent adjustment to the conversion price and reducing the pro forma shares issued related to conversions of interest accrued after that date. Any gain on the transaction is treated as additional paid-in capital due to the affiliate nature of the debt.