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

FORM 8-K/A
(Amendment No. 1 to Form 8-K filed June 13, 2019)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): June 7, 2019

DLH Holdings Corp.
(Exact Name of Registrant as Specified in Charter)

New Jersey	0-18492	22-1899798
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

3565 Piedmont Road, NE
Building 3, Suite 700
Atlanta, GA 30305
(Address of Principal Executive Offices, and Zip Code)

(866) 952-1647
Registrant's Telephone Number, Including Area Code
Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	DLHC	Nasdaq Capital Market

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 communication 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 communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
Emerging growth company ☐
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

This Current Report on Form 8-K/A is filed as an amendment (the "Amendment") to the Current Report on Form 8-K filed on June 13, 2019 (the "Original Form 8-K") by DLH Holdings Corp. ("DLH" or the "Company") in order to provide financial information required by Item 9.01 of the Original Form 8-K. As previously reported in the Original Form 8-K, DLH acquired Social & Scientific Systems, Inc. ("SSS") pursuant to a Stock Purchase Agreement dated June 7, 2019 (the "Purchase Agreement") by and among DLH, SSS, and Social & Scientific Systems, Inc. Employee Stock Ownership Trust. The acquisition was completed on June 7, 2019 and SSS became a direct, wholly-owned subsidiary of DLH on such date (the "Acquisition"). The Original Form 8-K is amended by this Amendment on Form 8-K/A to present certain financial statements of SSS and to present certain unaudited pro forma financial information in connection with the Acquisition. SSS's financial statements and the unaudited pro forma information of DLH and its subsidiaries are filed as exhibits hereto. The foregoing description of the Purchase Agreement and the transactions contemplated therein is not complete and is subject to, and qualified in its entirety by, the full text of the Purchase Agreement, which was attached as Exhibit 2.1 to the Original Form 8-K and incorporated herein by reference. Items and exhibits previously reported in the Original Form 8-K that are not included in this Amendment remain unchanged.

Item 7.01 Regulation FD Disclosure.

In addition to the unaudited pro forma financial information filed as Exhibit 99.3 to this Current Report on Form 8-K/A, DLH has prepared, and has furnished as Exhibit 99.4 to this Current Report on Form 8-K/A, certain non-GAAP financial information to present the unaudited pro-forma EBITDA of DLH for the fiscal year ended September 30, 2018 and the six months ended March 31, 2019 as if its acquisition of SSS was consummated on October 1, 2017. A reconciliation of the non-GAAP pro-forma financial information included in Exhibit 99.4 to the most directly comparable financial measures prepared in accordance with generally accepted accounting principles (GAAP) is also included in Exhibit 99.4. DLH uses EBITDA as a supplemental measure of its performance. Management believes this information may be informative to investors in evaluating the Company's ongoing operating and financial results, identifying trends, and understanding how such results compare with its historical performance. It is not meant to be considered in isolation or as a substitute for comparable GAAP measures and should only be read in conjunction with the Company's financial statements prepared in accordance with GAAP.

The information in Item 7.01 of this Current Form 8-K/A and Exhibit 99.4 attached hereto is being furnished, and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. Furthermore, the information contained in this Item 7.01 and Exhibit 99.4 shall only be incorporated by reference in another filing under the Securities Exchange Act of 1934 or the Securities Act of 1933 only if and to the extent such subsequent filing specifically references the information incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired*

The audited balance sheets of SSS as of December 31, 2018 and December 31, 2017 and the related statements of operations, statements of shareholders' equity and statements of cash flows for the years ended December 31, 2018 and 2017, the notes to the financial statements and the independent auditor's report are filed as Exhibit 99.1 to this Current Report on Form 8-K/A and are incorporated by reference herein.

The unaudited balance sheets of SSS as of March 31, 2019 and March 31, 2018 and the related statement of operations, statement of equity and statements of cash flows for the three months ended March 31, 2019 and 2018, and the notes to the financial statements are filed as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated by reference herein.

(b) *Pro Forma Financial Information*

The unaudited pro forma condensed combined statements of operations of DLH Holdings Corp. and its subsidiaries for the year ended September 30, 2018 and for the six months ended March 31, 2019 and the unaudited pro forma condensed combined balance sheet of DLH Holdings Corp. and its subsidiaries as of March 31, 2019 giving effect to the acquisition of SSS are filed as Exhibit 99.3 to this Current Report on Form 8-K/A and are incorporated by reference herein.

(d) *Exhibits*

The following exhibits are attached to this Current Report on Form 8-K:

Exhibit Number	**Exhibit Title or Description**
23.1	Consent of Aronson, LLC.
99.1	Audited balance sheets of Social & Scientific Systems, Inc. as of December 31, 2018 and 2017 and the related statement of operations, statement of shareholders' equity and statement of cash flows for the years ended December 31, 2018 and 2017, the notes to the financial statements and the independent auditor's report.
99.2	Unaudited Financial Statements of Social & Scientific Systems, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.
99.3	Unaudited pro forma condensed combined balance sheet of DLH Holdings Corp. and its subsidiaries as of March 31, 2019, and the unaudited pro forma condensed combined statements of operations of DLH Holdings Corp. and its subsidiaries for the six months ended March 31, 2019 and the year ended September 30, 2018 giving effect to the acquisition of Social & Scientific Systems, Inc.
99.4	Unaudited pro forma presentation of EBITDA, a non-GAAP measure*

* Furnished herewith.

SIGNATURE

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.

DLH Holdings Corp.

By: /s/ Kathryn M. JohnBull

Name: Kathryn M. JohnBull
Title: Chief Financial Officer

Date: August 5, 2019

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements of DLH Holdings Corp. on Form S-3 (File Nos. 333-217777, 333-215405, 333-184912, 333-120423, and 333-74478) and on Form S-8 (File Nos. 333-225153, 333-212702, 333-197374, 333-178830, 333-143951, and 333-73426) of our report dated August 1, 2019, related to our audit of the financial statements of Social & Scientific Systems, Inc. as of and for the years ended December 31, 2018 and 2017, included in this Current Report on Form 8-K/A.

/s/ Aronson LLC

Aronson, LLC
Rockville, Maryland
August 2, 2019

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SOCIAL & SCIENTIFIC SYSTEMS, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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Independent Auditor's Report

Audit Committee
Social & Scientific Systems, Inc.
Silver Spring, Maryland

We have audited the accompanying financial statements of **Social & Scientific Systems, Inc.**, which comprise the Balance Sheets as of December 31, 2018 and 2017, and the related Statements of Income, Shareholder's Equity 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, whether 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 Corporation'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 effectiveness of the Corporation'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.

Independent Auditor's Report (continued)

We believe that the audit evidence that 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 **Social & Scientific Systems, Inc.** as of December 31, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2018 and 2017 financial statements have been restated for a change in accounting method. Our opinion is not modified with respect to this matter.

Aronson LLC

Rockville, Maryland
August 1, 2019

December 31,	2018 (Restated)	2017 (Restated)
Assets		
Current assets		
Cash and cash equivalents	**$ 19,098,083**	$ 16,033,752
Accounts receivable, net	**14,661,364**	17,711,039
Prepaid expenses and other current assets	**724,307**	879,211
Total current assets	**34,483,754**	34,624,002
Property and equipment, net	**4,947,084**	5,290,918
Other assets		
Goodwill	**9,133,141**	9,133,141
Capitalized software development costs, net	**280,102**	572,169
Total other assets	**9,413,243**	9,705,310
Total assets	**$ 48,844,081**	$ 49,620,230

	2018 (Restated)	2017 (Restated)
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable and accrued expenses	**$ 5,714,869**	$ 5,497,522
Accrued salaries and related liabilities	**4,016,136**	5,247,449
Deferred revenue	**308,987**	610,807
Overapplied indirect rate liability	**589,070**	543,336
Customer advances	**384,804**	406,057
Deferred rent, current portion	**380,542**	392,507
Total current liabilities	**11,394,408**	12,697,678
Long term liabilities		
Other liabilities	**675,463**	821,411
Deferred rent, net of current portion	**2,325,924**	2,674,288
Total long term liabilities	**3,001,387**	3,495,699
Total liabilities	**14,395,795**	16,193,377
Commitments and contingencies		
Shareholder's equity		
Common stock - $.0001 par value, 3,000,000 shares authorized, 850,000 shares issued and 360,262 and 381,805 outstanding as of December 31, 2018 and 2017, respectively	**85**	85
Additional paid-in capital	**1,995,421**	1,995,421
Retained earnings	**60,680,864**	57,218,902
Unallocated common stock held by ESOP	**(18,677,763)**	(19,526,752)
Treasury stock - 489,738 and 468,195 shares in treasury as of December 31, 2018 and 2017, respectively	**(9,550,321)**	(6,260,803)
Total shareholder's equity	**34,448,286**	33,426,853
Total liabilities and shareholder's equity	**$ 48,844,081**	$ 49,620,230

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Years Ended December 31,	2018 (Restated)	2017 (Restated)
Contract revenue		
Contract revenue - government	**$ 66,930,819**	$ 74,005,334
Contract revenue - commercial	**4,964,582**	8,446,661
Federal grants	**8,962,460**	8,957,584
Total contract revenue	**80,857,861**	91,409,579
Direct costs		
Direct labor	**22,987,659**	25,166,772
Subcontractors	**15,684,109**	19,682,647
Other direct costs	**9,340,564**	10,173,605
Total direct costs	**48,012,332**	55,023,024
Gross margin on revenue	**32,845,529**	36,386,555
Indirect costs	**29,702,778**	30,806,977
Income from operations	**3,142,751**	5,579,578
Other income (expense)		
Foreign currency exchange loss	**(50,181)**	(34,062)
Other income	**12,020**	17,251
Interest income	**27,415**	11,523
Interest expense	**(54,380)**	(3,908)
Total other expense	**(65,126)**	(9,196)
Net income	**$ 3,077,625**	$ 5,570,382

The accompanying Notes to Financial Statements are an integral part of these financial statements.

	Common stock	Additional paid-in capital	Retained earnings	Unallocated common stock held by ESOP	Treasury stock	Total
Balance, January 1, 2017, as restated	$ 85	$ 1,995,421	$ 51,276,153	$ (20,392,053)	$ (3,363,772)	$ 29,515,834
Purchase of 18,781 shares of treasury stock	-	-	-	-	(2,897,031)	(2,897,031)
ESOP contribution expense	-	-	372,367	865,301	-	1,237,668
Net income, as restated	-	-	5,570,382	-	-	5,570,382
Balance, December 31, 2017, as restated	85	1,995,421	57,218,902	(19,526,752)	(6,260,803)	33,426,853
Purchase of 21,543 shares of treasury stock	-	-	-	-	(3,289,518)	(3,289,518)
ESOP contribution expense	-	-	384,337	848,989	-	1,233,326
Net income, as restated	-	-	3,077,625	-	-	3,077,625
Balance, December 31, 2018, as restated	$ 85	$ 1,995,421	$ 60,680,864	$ (18,677,763)	$ (9,550,321)	$ 34,448,286

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Years Ended December 31,	2018 (Restated)	2017 (Restated)
Cash flows from operating activities		
Net income	$ 3,077,625	$ 5,570,382
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	2,707,097	2,498,144
ESOP compensation expense	1,233,326	1,237,668
Provision for doubtful accounts	375,000	267,325
(Increase) decrease in		
Accounts receivable	2,674,675	1,472,059
Prepaid expenses and other current assets	154,904	286,815
Tenant allowance receivable	-	285,350
Deposits	-	14,000
Increase (decrease) in		
Accounts payable and accrued expenses	71,399	(304,123)
Accrued salaries and related liabilities	(1,231,313)	(1,157,276)
Deferred revenue	(301,820)	(680,243)
Overapplied indirect rate liability	45,734	373,356
Customer advances	(21,253)	(36,862)
Deferred rent	(360,329)	154,151
Net cash provided by operating activities	8,425,045	9,980,746
Cash flows from investing activities		
Purchases of property and equipment	(2,042,743)	(1,425,057)
Software development costs capitalized	(28,453)	(182,817)
Net cash used by investing activities	(2,071,196)	(1,607,874)
Cash flows from financing activities		
Payments for purchase of treasury stock	(3,289,518)	(2,897,031)

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Years Ended December 31,	2018 (Restated)	2017 (Restated)
Net change in cash and cash equivalents	**3,064,331**	5,475,841
Cash and cash equivalents at beginning of year	**16,033,752**	10,557,911
Cash and cash equivalents at end of year	**$ 19,098,083**	$ 16,033,752
Supplemental information:		
Interest paid	**$ 54,380**	$ 1,795

The accompanying Notes to Financial Statements are an integral part of these financial statements.

1. Organization and significant accounting policies

Organization: Social & Scientific Systems, Inc. ("Corporation") was incorporated under the laws of the State of Delaware on March 29, 1978 to provide professional services in support of public health research, primarily to federal government agencies in the Washington, D.C. metropolitan area. The Corporation's core business groups coordinate multi-institutional clinical research programs, conduct health policy research and data analysis, and provide survey and epidemiology services. The Corporation is headquartered in Silver Spring, Maryland.

Basis of accounting: The financial statements of the Corporation have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Cash and cash equivalents: For purposes of financial statement presentation, the Corporation considers all highly liquid debt instruments with initial maturities of ninety days or less to be cash equivalents. The Corporation maintains cash balances which may exceed federally insured limits. As of December 31, 2018 and 2017, the Corporation had balances totaling $19,013,347 and $15,873,634, respectively, in a repurchase agreement sweep account which is included in the accompanying Balance Sheets. Management does not believe that this results in any significant credit risk.

Accounts receivable: The Corporation provides for an allowance for doubtful accounts based on management's best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts, if needed. All accounts, or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts.

Property and equipment: Property and equipment are recorded at the original cost and are being depreciated on a straight-line basis over estimated lives of three to fifteen years. Leasehold improvements are amortized over the life of the assets or the remaining period of the lease, whichever is shorter.

Long-lived assets and impairment: The Corporation periodically evaluates the carrying value of long-lived assets, including, but not limited to, property and equipment and other assets, when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flows from such an asset are separately identifiable and are less than its carrying value. In that event, a loss is recognized to the extent that the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

Goodwill: Goodwill represents the excess of the purchase price of the net assets acquired over the fair value of those net assets. Goodwill is tested for impairment on an annual basis, and between annual tests in certain circumstances, and written down when impaired.

Recoverability of goodwill is measured by first making a qualitative assessment (Step 0) of whether it is more-likely-than-not that a reporting unit's fair value is less than its carrying value to determine whether it is necessary to perform a quantitative goodwill impairment test. The qualitative impairment test includes considering various factors, including macroeconomic conditions, industry and market conditions, cost factors, a sustained share price or market capitalization decrease, and any reporting unit specific events. If it is determined through the qualitative assessment that a reporting unit's fair value is more-likely-than-not greater than its carrying value, the quantitative test is not required. If the qualitative assessment indicates it is more-likely-than-not that a reporting unit's fair value is not greater than its carrying value, the quantitative test must be performed. Management can elect to proceed directly to the quantitative impairment test without considering such qualitative factors.

If it is determined that a quantitative test is required (Step 1), the Corporation will first make a comparison of the fair value of a reporting unit with its carrying amount including goodwill. Management considers the Corporation to be one reporting unit for the determination of goodwill impairment. In accordance with the authoritative guidance over fair value measurements, the fair value of a reporting unit is defined as the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. The Corporation primarily uses the income approach methodology, which includes the discounted cash flow method, and the market approach methodology, which includes the guideline public company method and considers values of comparable public businesses, to estimate the fair value of the reporting unit. Management does not believe that a cost approach is relevant to measuring the fair value of the reporting unit.

If after performing Step 1 of the goodwill impairment test, the fair value of the reporting unit does not exceed the carrying value, the Corporation performs a second step (Step 2) of the goodwill impairment test for the reporting unit. Step 2 measures the amount of goodwill impairment by comparing the implied fair value of the reporting unit's goodwill after estimating the fair value of specifically identifiable intangible assets, with the carrying value of that goodwill. The implied fair value of goodwill is determined using the same approach utilized to estimate the amount of goodwill recognized in a business combination.

Significant measurement judgment is required when estimating the fair value of the reporting unit including the forecasting of future operating results, the discount rates and expected future growth rates used in the discounted cash flow method of valuation, and in the selection of comparable businesses in the market approach. If the estimated fair value of the reporting unit exceeds the carrying value assigned to it, goodwill is not impaired and no further analysis is required.

Once goodwill has been assigned to a reporting unit, for accounting purposes, the goodwill is no longer directly associated with the underlying acquisitions that the goodwill originated from, but rather the reporting unit to which it has been allocated.

The Corporation concluded that the quantitative goodwill impairment test was not required because it was determined, through the performance of a qualitative assessment as described above, that the reporting unit's fair value is more-likely-than-not greater than its carrying value. The Corporation has determined there is no impairment at December 31, 2018 and 2017.

The carrying amount of goodwill as of December 31, 2018 and 2017 was $9,133,141.

Software development costs: The Corporation capitalizes certain software development costs for software which it plans to sell externally. Capitalization of software costs begins upon the establishment of technological feasibility. The establishment of technological feasibility and the ongoing assessment of recoverability of capitalized software development costs require considerable judgment by management with respect to certain external factors including, but not limited to, anticipated future gross revenue, estimated economic life, and changes in software and hardware technologies.

Capitalized software costs are amortized over the estimated economic life of the product of three years using the greater of the straight-line method of amortization or based on the percentage of actual sales to expected total sales, commencing on the date of product release. When a software product is no longer sold, the costs and accumulated amortization are written off, and any loss is charged against operations. At December 31, 2018 and 2017, capitalized software costs are presented net of accumulated amortization of $3,446,288 and $3,125,768, respectively. During the years ended December 31, 2018 and 2017, amortization related to capitalized software development costs totaled $320,520 and $247,105, respectively, which is included in direct costs on the accompanying Statements of Income.

Deferred rent: The Corporation recognizes the minimum non-contingent rents required under operating leases as rent expense on a straight-line basis over the life of the lease, with differences between amounts recognized as expense and the amounts actually paid recorded as deferred rent on the accompanying Balance Sheets.

Stock appreciation rights expense: The Corporation measures compensation expense for its stock appreciation rights (SARS) plan in accordance with accounting principles generally accepted in the United States of America, which require that compensation expense be recorded in operations for all grants issued. The value of the stock grants is recognized over the requisite service period which is determined based on the intrinsic value of the stock as it appreciates. As the intrinsic value increases, the Corporation will record a liability based upon the intrinsic value at the time of the change.

Contract revenue: Revenue from cost-type contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs and an allocable portion of the fixed fee. Revenue from fixed-price type contracts is recognized under the percentage-of-completion method of accounting, with costs and estimated profits included in contract revenue as work is performed. If actual and estimated costs to complete a contract indicate a loss, provision is made currently for the loss anticipated on the contract. Revenue from time and materials contracts is recognized as costs are incurred at amounts represented by the agreed-upon billing amounts. Revenue from government grants is recognized as costs are incurred in accordance with the terms of the grant.

Revenue recognized on contracts for which billings have not been presented to customers at year end is included in the accounts receivable classification on the accompanying Balance Sheets.

Revenue yet to be recognized on contracts for which cash payments have already been received is reflected in the accompanying Balance Sheets as deferred revenue.

Foreign currency: Exchange adjustments resulting from transactions in foreign currency are generally recognized in operations. The cumulative translation adjustments are not material to the financial statements and therefore not disclosed. The Corporation has offices and conducts business in foreign countries which accounts for total contract revenues of $5,985,346 and $5,748,320 in Uganda through December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, cash and cash equivalents denominated in both USD and Ugandan shillings (equivalent of $70,259 and $55,514 USD, respectively) are held in financial institutions in Uganda.

Income taxes: The Corporation is 100% owned by an Employee Stock Ownership Plan (ESOP) (shareholder) and has elected to be treated as an S Corporation for federal income tax purposes whereby the tax attributes of the Corporation are passed through to and reported on the shareholder's tax return. Accordingly, there is no provision for federal or state income taxes included in the accompanying financial statements.

The Corporation evaluates uncertainty in income tax positions taken or expected to be taken on a tax return based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the Corporation's financial statements. If applicable, the Corporation records interest and penalties as a component of income tax expense. As of December 31, 2018 and 2017 there were no accruals for uncertain tax positions. Tax years from January 1, 2015 through the current year remain open for examination by federal and state tax authorities.

Use of accounting 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. Actual results could differ from those estimates.

Recently issued accounting pronouncements not yet adopted: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the existing accounting standards for revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, resulting in a one-year deferral of the effective date of ASU 2014-09, which became effective for the Corporation on January 1, 2019. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. Various updates have been issued to clarify the guidance in Topic 606. The new standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of applying the guidance recognized at the date of initial application (the modified retrospective method). The Corporation is currently evaluating the potential effects on its financial statements as well as its accounting policies and procedures. The Corporation has not selected a transition method for adoption nor determined the potential effects on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the existing lease accounting standard and sets out principles for the recognition, measurement, presentation and disclosure of leases. Under the new guidance, a lessee will be required to recognize lease assets and lease liabilities for all leases with lease terms in excess of twelve months. 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. ASU 2016-02 becomes effective for the Corporation on January 1, 2020. The Corporation is in the process of evaluating the impact of this new guidance.

Reclassifications: Certain 2017 balances have been reclassified to conform with the 2018 presentation.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through August 1, 2019, which is the date the financial statements were available to be issued.

2. Accounts receivable, net

Accounts receivable at December 31, 2018 and 2017, consist of amounts due under contracts in progress with federal government agencies, primarily the Department of Health and Human Services, and commercial entities. The components of accounts receivable are:

	2018	2017
Billed receivables	**$ 11,821,393**	$ 13,283,098
Unbilled receivables	**3,048,853**	4,554,747
Other receivables	**3,825**	18,439
Total	**14,874,071**	17,856,284
Less: Allowance for doubtful accounts	**(212,707)**	(145,245)
Net	**$ 14,661,364**	$ 17,711,039

All billed receivable amounts are expected to be collected during the next fiscal year. In accordance with standard practice in the industry, the Corporation includes unbilled receivables in current assets even when such amounts are realizable over a period in excess of one year.

Of the total receivables as of December 31, 2018 and 2017, approximately 18% and 10% are due under two and one contracts that generated approximately 23% and 11% of total contract revenues for the years ended December 31, 2018 and 2017, respectively.

The unbilled receivables balance consisted of the following at December 31:

	2018	2017
Unbilled - timing differences	**$ 1,758,018**	$ 2,526,636
Unbilled - fixed price estimate-to-complete	**162,952**	1,237,544
Unbilled - indirect rate variances	**1,127,883**	790,567
Total	**$ 3,048,853**	$ 4,554,747

3. Property and equipment

Property and equipment consist of the following at December 31:

		2018	2017
Leasehold improvements		**$ 2,930,403**	$ 2,930,403
Furniture, fixtures and equipment		**1,374,403**	1,302,453
Computer and software equipment		**7,902,858**	5,932,065
Total		**12,207,664**	10,164,921
Less: Accumulated depreciation and amortization		**(7,260,580)**	(4,874,003)
Net		**$ 4,947,084**	$ 5,290,918

Related depreciation and amortization expense for the years ended December 31, 2018 and 2017 was $2,386,577 and $2,251,039, respectively.

4. Note payable - line of credit

The Corporation has a line of credit agreement with a bank which expires on August 31, 2019. Under the terms of the agreement, the Corporation can borrow up to $10,000,000, with interest at 2% above the daily one-month LIBOR rate. At December 31, 2018 and 2017, the interest rate was 4.52% and 3.56%, respectively. The bank has a secured interest in the Corporation's accounts receivable and other rights to payment, general intangibles, inventory and equipment. The agreement also includes various covenants including minimum tangible net worth, net income, an asset coverage ratio, and a minimum liquid asset requirement. The Corporation was in compliance with the financial covenants as of December 31, 2018 and 2017. There were no amounts outstanding under the line of credit agreement as of December 31, 2018 and 2017.

Line of credit amounts available are further reduced by any outstanding letters of credit with a ceiling of $3,000,000 (used in lieu of a cash security deposit on a corporate lease of office space). The Corporation has outstanding letters of credit of $292,706 at both December 31, 2018 and 2017.

5. Customer advances

The Corporation receives cash advances from various commercial pharmaceutical companies for the support of clinical research. The Corporation distributes these funds to research institutions that receive federal funding for research, under the direction of government sponsored scientific committees. The Corporation is reimbursed for its administrative costs incurred to process these funds. Undisbursed advances totaling $384,804 and $406,057 at December 2018 and 2017, respectively, are included in current liabilities on the accompanying Balance Sheets.

6. Retirement plan and employee stock ownership plan

Retirement plan: The Corporation sponsors a tax deferred retirement plan under the Internal Revenue Code ("401(k) Plan") to provide retirement benefits for all eligible employees. Participating employees may voluntarily contribute up to limits provided by Internal Revenue Service regulations. The 401(k) Plan provides for matching contributions up to 100% of the first 3% of the participant's compensation and up to 50% of the next 2% of the participant's compensation. All contributions are fully vested at the time of contribution. The Corporation contributed $1,144,755 and $1,070,824 during each of the years ended December 31, 2018 and 2017, respectively. In addition, the Corporation may also make profit sharing or discretionary contributions to the 401(k) Plan. No such contributions were made for the years ended December 31, 2018 and 2017.

Employee stock ownership plan ("ESOP"): Effective January 1, 1998, the Corporation established an ESOP for substantially all of its employees. The plan provides for contributions in such amounts as may be determined by the Board of Directors. Participants vest at a rate of 25% per year beginning after the employee's second year. The Corporation can make a discretionary contribution to the plan annually. Any dividends received by the ESOP are used for debt service. The ESOP shares initially were pledged as collateral and allocated to active employees, based on the proportion of debt service paid in the year. Shares pledged as collateral are reported as unallocated ESOP shares in the Balance Sheets. As shares are released from the collateral, the Corporation reports compensation expense equal to the current market price of the shares. The fair market value of the shares is determined annually by an independent appraiser. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are recorded as a reduction of debt and accrued interest. In the event a terminated participant in the ESOP plan desires to sell his or her shares of the Corporation's stock, or for certain employees who elect to diversify their account balances, the Corporation may be required to purchase the shares from a participant at their fair market value.

For the years ended December 31, 2018, and 2017 the Corporation's contributions were $1,071,089 and $1,211,000, respectively.

Effective September 15, 2016 the Corporation issued a new loan agreement to the ESOP consolidating the balances of all previously outstanding loans. The loan payable by the ESOP to the Corporation required a payment upon consolidation of $1,092,524 with subsequent payments to be made in 24 annual installments of $1,071,089 each. These annual installments include principal plus interest at 1.9% beginning on September 15, 2017 through September 15, 2040. The principal amount paid for the years ended December 31, 2018 and 2017, was $694,735 and $681,781, respectively.

The loan receivables from the ESOP are not reflected in these financial statements as the Corporation is the source of funds to repay these loans. Rather, the loans are reflected as a contra-equity account and are reduced as shares are allocated to the ESOP plan participants. The loans are secured by shares purchased. The number of shares released are calculated based on a fraction of principal and interest on the date of the payment to the sum of the current payment of principal and interest plus the remaining payments of principal and interest projected to be payable on the ESOP loan.

For the years ended December 31, 2018 and 2017, compensation cost associated with the release of 7,912 shares was $1,233,326 and $1,237,668, respectively. The fair value of the unearned shares at December 31, 2018 and 2017 was $27,685,993 and $27,788,804, respectively. The number of allocated shares at December 31, 2018 and 2017 was 186,191 and 199,822, respectively.

Activity in the ESOP common shares during the years ended December 31, 2018 and 2017 was as follows:

	Shares	Original Cost
Unallocated shares, January 1, 2017	189,895	$ 20,392,053
Shares released	(7,912)	(865,301)
Unallocated shares, December 31, 2017	181,983	19,526,752
Shares released	(7,912)	(848,989)
Unallocated shares, December 31, 2018	174,071	$ 18,677,763

7. Compensation plan

The Corporation established a long term incentive plan in 2010 to attract, retain and reward employees for contributing to the growth and profitability of the Corporation. The Plan has a term through December 2030. The Corporation has entered into stock appreciation rights agreements ("SARS") with certain key employees that provide for cash awards. Rights are assigned a value based upon the fair market value of the Corporation's common stock. Employee rights generally vest over three years of service after the effective date of the agreement. The increase in the value of the rights is recorded as compensation expense. As of December 31, 2018 and 2017, the Corporation has accrued compensation under the agreements in the amount of $60,326 and $254,388, respectively, included in accrued salaries and related liabilities on the accompanying Balance Sheets. For the years ended December 31, 2018 and 2017, the Corporation recorded compensation expense of $48,000 and $27,460, respectively. During 2018 and 2017, the Corporation paid out $242,062 and $659,868, respectively, to employees under this plan.

The maximum number of SARS which may be granted and outstanding shall not exceed 18% of the Corporation's equity on a fully diluted basis.

8. Other liabilities

In 2014 the Corporation executed two separate agreements with Maryland and Montgomery County that provided the Corporation $1,000,000 in exchange for keeping its headquarters in its current location at the end of its lease. The first agreement was in the form of a Promissory Note and Loan Agreement (“Loan”) for $650,000 with the Maryland Department of Business and Economic Development (“Lender”). The second agreement was a conditional grant (“Grant”) for $350,000 from Montgomery County, Maryland (“County”). Payments of principal are deferred while the Corporation employs at least 300 full-time employees. The Corporation must repay a portion of the Loan and Grant should fewer than 300 employees be employed by the Corporation in Maryland as of each December 31 during the term of the Loan, net of any previous year repayments plus interest calculated at 3% per annum from the inception of the Loan and Grant. Should the Corporation employ less than 150 employees, the Corporation shall be in default and the entire amount of the outstanding principal and interest of the Loan shall be immediately payable to Lender. If, as of June 30, 2023, there remains any outstanding Loan and Grant principal and the Corporation is not in default, Lender will forgive the balance of the Loan and the Corporation will recognize both the Loan and Grant as income. As of December 31, 2018 and 2017, the Corporation was not in default; however, they did not achieve the employee threshold and has repaid approximately $249,525 under the two agreements, including $158,680 and $22,513 due at December 31, 2018 and 2017, respectively, which is included under accounts payable and accrued expenses on the accompanying Balance Sheets. The outstanding principal balance on the Loan and Grant was $675,463 and $821,411 as of December 31, 2018 and 2017, resepectively, and is included under other liabilities on the accompanying Balance Sheets.

9. Operating leases

The Corporation is obligated, as lessee, under non-cancelable operating leases for office space in Maryland, North Carolina, and Uganda.

The following is a schedule by years of future minimum rental payments required under the operating leases that have an initial or remaining non-cancelable lease term in excess of one year as of December 31, 2018:

Year Ending December 31	Total
2019	$ 3,611,092
2020	3,731,406
2021	3,855,772
2022	3,984,387
2023	3,028,352
Thereafter	2,691,963
Total	$ 20,902,972

Total rent expense for office, vehicle, and equipment leases for the years ended December 31, 2018 and 2017 was $3,143,995 and $3,255,877, respectively.

10. Contract status

Provisional indirect cost rates: Billings under cost-based government contracts are calculated using provisional rates which permit recovery of indirect costs. These rates are subject to audit on an annual basis by the government agencies' cognizant audit agency. The cost audit will result in the negotiation and determination of the final indirect cost rates which the Corporation may use for the years audited. The final rates, if different from the provisional rates, may create a receivable or a liability.

As of December 31, 2018, the Corporation had negotiated final settlements on indirect cost rates through December 31, 2014. The Corporation has negotiated provisional indirect rates for the years through June 30, 2019. The Corporation periodically reviews its cost estimates and experience rates, and adjustments, if needed, are made and reflected in the period in which the estimates are revised. In the opinion of management, redetermination of any cost-based contracts for the open years will not have any material effect on the Corporation's financial position or results of operations. Management has provided an accrual for over-applied provisional billings in the amount of $589,070 and $543,336 at December 31, 2018 and 2017, respectively.

11. Commitments and contingencies

The funding of U.S. government programs is subject to an annual Congressional budget authorization and appropriations process which have not followed normal practices in recent years. The Corporation cannot predict the impact on existing, follow-on or replacement programs from potential changes in priorities.

12. Restatement to previously issued financial statements

The Corporation restated its previously issued financial statements due to a change in method of accounting. In 2014, the Corporation previously adopted ASU No. 2014-02, the private company accounting alternative intended to simplify the goodwill accounting model. Due to a business combination with a public reporting entity in 2019, the Corporation is expecting to meet the definition of a public business entity. As such, the Corporation is required to retrospectively apply U.S. GAAP for public companies in all prior periods. The change removes the impact from the amortization of goodwill and requires the Corporation to perform a goodwill impairment test using a two-step approach. As a result, goodwill amortization expense of $913,314, for each of the years ended December 31, 2018 and 2017, was reversed and the opening balance of retained earnings as of January 1, 2017 increased by $3,371,029. This adjustment also increased goodwill by $5,197,657 and $4,284,343 as of December 31, 2018 and 2017, respectively.

13. Subsequent event

Subsequent to December 31, 2018, on June 7, 2019, 100% of the outstanding equity of the Corporation was acquired by DLH Holdings Corp. for approximately $70 million.

SOCIAL & SCIENTIFIC SYSTEMS, INC.

UNAUDITED FINANCIAL

STATEMENTS

MARCH 31, 2019 AND 2018

Social & Scientific Systems, Inc.

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Social & Scientific Systems, Inc.

Balance Sheets

March 31,	2019	2018
Assets		
Current assets		
Cash and cash equivalents	**$ 13,898,715**	**$ 16,257,175**
Accounts receivable, net	**15,966,167**	**15,248,784**
Prepaid expenses and other current assets	**1,080,880**	**1,147,744**
Total current assets	**30,945,762**	**32,653,704**
Property and equipment, net	**4,694,487**	**4,914,638**
Other assets		
Goodwill, net	**3,707,156**	**4,620,470**
Capitalized software development costs, net	**341,532**	**505,579**
Total other assets	**4,048,688**	**5,126,049**
Total assets	**$ 39,688,937**	**$ 42,694,390**

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Social & Scientific Systems, Inc.

Balance Sheets

March 31,	2019	2018
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable and accrued expenses	**$ 1,477,961**	**$ 1,631,678**
Accrued salaries and related liabilities	**4,380,018**	**5,553,855**
Deferred revenue	**177,231**	**986,609**
Overapplied indirect rate liability	**589,070**	**543,336**
Customer advances	**408,619**	**435,860**
Deferred rent	**385,653**	**392,507**
Total current liabilities	**7,418,552**	**9,543,844**
Long term Liabilities		
Other Liabilities	**715,776**	**819,143**
Deferred rent, net of current portion	**2,227,863**	**2,586,344**
Total long term liabilities	**2,943,639**	**3,405,487**
Total liabilities	**10,362,192**	**12,949,331**
Commitments and contingencies		
Shareholder's equity		
Common stock - $.0001 par value, 3,000,000 shares authorized, 850,000 shares issued and 360,262 and 381,805 outstanding	**85**	**85**
Additional paid-in capital	**1,995,421**	**1,995,421**
Unallocated common stock held by ESOP	**(18,677,763)**	**(19,526,752)**
Retained earnings	**55,559,323**	**53,537,108**
Treasury stock – 489,738 and 468,195 shares	**(9,550,321)**	**(6,260,803)**
Total shareholder's equity	**29,326,745**	**29,745,059**
Total liabilities and shareholder's equity	**$39,688,937**	**$42,694,390**

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Social & Scientific Systems, Inc.

Statements of Income

Periods Ended March 31,	2019	2018
Contract revenue		
Contract revenue - government	**$ 13,819,937**	**$ 14,311,311**
Contract revenue - commercial	**1,422,469**	**1,747,975**
Federal grants	**2,046,805**	**2,334,545**
Total contract revenue	**17,289,211**	**18,393,830**
Direct costs		
Direct labor	**5,319,926**	**6,159,948**
Subcontractors	**2,341,308**	**1,869,493**
Other direct costs	**1,828,903**	**2,006,877**
Total direct costs	**9,490,137**	**10,036,317**
Gross margin on revenue	**7,799,074**	**8,357,513**
Indirect costs	**7,721,130**	**7,743,368**
Income from operations	**77,943**	**614,145**
Other income (expense)		
Foreign currency exchange loss	**(10,130)**	**(14,068)**
Other income	**1,000**	
Interest income	**7,301**	**3,079**
Interest expense		**(607)**
Total other expense	**(1,829)**	**(11,597)**
Net income	**$ 76,114**	**$ 602,549**

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Social & Scientific Systems, Inc.

Statements of Equity

	Common Stock	Additional paid-in capital	Retained Earnings	Unallocated Common Stock held by ESOP	Treasury Stock	Total
Balance, December 31, 2016	85	1,995,421	47,905,124	(20,392,053)	(3,363,772)	26,144,805
ESOP contribution expense			372,367	865,301		1,237,668
Purchase of 18,781 shares of treasury stock					(2,897,031)	(2,897,031)
Net income			4,657,068			4,657,068
Balance December 31, 2017	85	1,995,421	52,934,559	(19,526,752)	(6,260,803)	29,142,510
Purchase of 21,543 shares of treasury stock					(3,289,518)	(3,289,518)
ESOP Contribution Expense			384,338	848,989		1,233,327
Net income			2,164,312			2,164,312
Balance, December 31, 2018	$85	$1,995,421	$55,483,209	($18,677,763)	($9,550,321)	$29,250,631
Net income			76,114			76,114
Balance, March 31, 2019	$85	$1,995,421	$55,559,323	($18,677,763)	($9,550,321)	$29,326,745

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Social & Scientific Systems, Inc.

Statements of Cash Flows

Periods Ended March 31,	2019	2018
Cash flows from operating activities		
Net income	$ 76,114	$ 602,549
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	690,935	682,063
Amortization of intangibles	228,329	228,329
(Increase) decrease in		
Accounts receivable	(1,304,803)	2,387,253
Prepaid expenses and other current assets	(356,573)	(268,533)
Increase (decrease) in		
Accounts payable and accrued expenses	(4,196,596)	(3,868,114)
Accrued salaries and related liabilities	363,884	306,407
Deferred revenue	(131,756)	375,802
Customer advances	23,815	29,803
Deferred rent	(92,949)	(87,943)
Net cash provided (used) by operating activities	(4,699,599)	462,615
Cash flows from investing activities		
Purchases of property and equipment	(375,765)	(225,596)
Software development costs capitalized	(124,004)	(13,596)
Net cash used by investing activities	(499,769)	(239,192)
Net cash used by Financing activities	--	--

Social & Scientific Systems, Inc.

Statements of Cash Flows (continued)

Periods Ended March 31,	2019	2018
Net change in cash and cash equivalents	**(5,199,368)**	**223,424**
Cash and cash equivalents at beginning of year	**19,098,082**	**16,033,752**
Cash and cash equivalents at March 31	**$13,898,715**	**16,257,175**
Supplemental information:		
Interest paid		**$607**

1. Organization and significant accounting policies

Organization: Social & Scientific Systems, Inc. ("Corporation") was incorporated under the laws of the State of Delaware on March 29, 1978 to provide professional services in support of public health research, primarily to federal government agencies in the Washington, D.C. metropolitan area. The Corporation's core business groups coordinate multi-institutional clinical research programs, conduct health policy research and data analysis, and provide survey and epidemiology services. The Corporation is headquartered in Silver Spring, Maryland.

Cash and cash equivalents: For purposes of financial statement presentation, the Corporation considers all highly liquid debt instruments with initial maturities of ninety days or less to be cash equivalents. The Corporation maintains cash balances which may exceed federally insured limits. As of March 31, 2019 and 2018, the Corporation had balances totaling $14,495,383 and $16,724,075, respectively, in a repurchase agreement sweep account. This account is included in the accompanying Balance Sheets net of outstanding checks in excess of bank balances at March 31, 2019 and 2018. Management does not believe that cash invested in excess of federally-insured limits pose a significant credit risk.

Accounts receivable: The Corporation provides for an allowance for doubtful accounts based on management's best estimate of probable losses determined principally on the basis of historical experience and specific allowances for known troubled accounts, if needed. All accounts, or portions thereof that are deemed to be uncollectible or that require an excessive collection cost are written off to the allowance for doubtful accounts.

Property and equipment: Property and equipment are recorded at the original cost and are being depreciated on a straight-line basis over estimated lives of three to fifteen years. Leasehold improvements are amortized over the life of the assets or the remaining period of the lease, whichever is shorter.

Long-lived assets and impairment: The Corporation periodically evaluates the carrying value of long-lived assets, including, but not limited to, property and equipment and other assets, when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flows from such an asset are separately identifiable and are less than its carrying value. In that event, a loss is recognized to the extent that the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

1. Organization and significant accounting policies (continued)

Goodwill: Goodwill represents the excess of the purchase price of the net assets acquired over the fair value of those net assets.

The Corporation accounts for goodwill subsequent to business combinations in accordance with Accounting Standards Update (ASU) 2014-02 *Intangibles – Goodwill and Other (Topic 350) Accounting for Goodwill*, which allows entities who meet the definition of a private company to amortize goodwill on a straight-line basis over 10 years, or less than 10 years if the entity demonstrates that another useful life is more appropriate. Goodwill is tested for impairment when an event occurs or circumstances indicate the fair value of the entity may be below its carrying amount (a triggering event). The Corporation elected to test goodwill for impairment at the entity level, should triggering events occur. When a triggering event occurs, the entity has the option to first assess qualitative factors to determine if a quantitative impairment test is necessary. If the qualitative assessment indicates that impairment is more likely than not, a quantitative test will be performed to measure the excess of the carrying amount of the entity, including goodwill, over its fair value.

The Corporation amortizes goodwill over a 10-year period and recognized amortization expense related to goodwill of $228,329 during the period ended March 31, 2019 and 2018, respectively. The Corporation did not identify any triggering events during the period ended March 31, 2019 and 2018, which would require goodwill to be evaluated for impairment.

The changes in the carrying amount of goodwill year-to-date through the period ended March 31, 2019 and 2018 are as follows:

	2019	2018
Balance as of January 1,	$ 3,935,484	4,848,798
Amortization	(228,329)	(228,329)
Balance as of March 31,	$ 3,707,156	$ 4,620,470

Estimated future amortization expense for the years ending December 31, 2020 through December 31, 2022 is $913,314 per year and $282,228 during the year ending December 31, 2023.

1. Organization and significant accounting policies (continued)

Software development costs: The Corporation capitalizes certain software development costs for software which it plans to sell externally. Capitalization of software costs begins upon the establishment of technological feasibility. The establishment of technological feasibility and the ongoing assessment of recoverability of capitalized software development costs require considerable judgment by management with respect to certain external factors including, but not limited to, anticipated future gross revenue, estimated economic life, and changes in software and hardware technologies.

Capitalized software costs are amortized over the economic life of the product using the greater of the straight-line method of amortization or based on the percentage of actual sales to expected total sales, commencing on the date of product release. When a software product is no longer sold, the costs and accumulated amortization are written off, and any loss is charged against operations. Year-To-Date through the period ended March 31, 2019 and 2018, capitalized software costs are presented net of accumulated amortization of $3,508,861 and $3,205,954, respectively. Year-To-Date through the period ended March 31, 2019 and 2018, amortization related to capitalized software development costs totaled $62,574 and $80,186, respectively, which is included in direct costs and indirect costs on the accompanying Statements of Income.

Deferred rent: The Corporation recognizes the minimum non-contingent rents required under operating leases as rent expense on a straight-line basis over the life of the lease, with differences between amounts recognized as expense and the amounts actually paid recorded as deferred rent on the accompanying Balance Sheets.

Stock appreciation rights expense: The Corporation measures compensation expense for its stock appreciation rights (SARS) plan in accordance with accounting principles generally accepted in the United States of America, which require that compensation expense be recorded in operations for all grants issued. The value of the stock grants is recognized over the requisite service period which is determined based on the intrinsic value of the stock as it appreciates. As the intrinsic value increases, the Corporation will record a liability based upon the intrinsic value at the time of the change.

Contract Revenue: Revenue from cost-type contracts is recognized as costs are incurred on the basis of direct costs plus allowable indirect costs and an allocable portion of the fixed fee. Revenue from fixed-price type contracts is recognized under the percentage-of-completion method of accounting, with costs and estimated profits included in contract revenue as work is performed. If actual and estimated costs to complete a contract indicate a loss, provision is made currently for the loss anticipated on the contract. Revenue from time and material contracts is recognized as costs are incurred at amounts represented by the agreed-upon billing amounts. Revenue from government grants is recognized as costs are incurred in accordance with the terms of the grant.

1. Organization and significant accounting policies (continued)

Revenue recognized on contracts for which billings have not been presented to customers at year-end is included in the accounts receivable classification on the accompanying Balance Sheets.

Revenue yet to be recognized on contracts for which cash payments have already been received is reflected in the accompanying Balance Sheets as deferred revenue.

Foreign currency: Exchange adjustments resulting from transactions in foreign currency are generally recognized in operations. The cumulative translation adjustments are not material to the financial statements and therefore not disclosed. The Corporation has offices and conducts business in foreign countries which accounts for total contract revenues of $841,490 and $1,425,462 through March 31, 2019 and 2018, respectively. At March 31, 2019 and 2018, cash and cash equivalents denominated in both USD and Ugandan shillings (equivalent of $123,298 and $104,456 USD, respectively) are held in financial institutions in Uganda.

Income taxes: The Corporation is 100% owned by an Employee Stock Ownership Plan (ESOP) (shareholder) and has elected to be treated as an S Corporation for federal income tax purposes whereby the tax attributes of the Corporation are passed through to and reported on the shareholder's tax return. Accordingly, there is no provision for federal or state income taxes included in the accompanying financial statements.

The Corporation evaluates uncertainty in income tax positions taken or expected to be taken on a tax return based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the Corporation's financial statements. If applicable, the Corporation records interest and penalties as a component of income tax expense. As of March 31, 2019 and 2018 there were no accruals for uncertain tax positions. Tax years from January 1, 2015 through the current year remain open for examination by federal and state tax authorities.

Use of accounting 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. Actual results could differ from those estimates.

Recently issued accounting pronouncements not yet adopted: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (*Topic 606*), which supersedes the existing accounting standards for revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic*

606): Deferral of the Effective Date, resulting in a one-year deferral of the effective date of ASU 2014-09, which will become effective for the Corporation on January 1, 2019.

This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. Various updates have been issued to clarify the guidance in Topic 606. The new standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of applying the guidance recognized at the date of initial application (the modified retrospective method). The Corporation is currently evaluating the potential effects on its financial statements as well as its accounting policies and procedures. Management believes the new revenue guidance does not materially affect the Corporation's financial results reported herein.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the existing lease accounting standard and sets out principles for the recognition, measurement, presentation and disclosure of leases. Under the new guidance, a lessee will be required to recognize lease assets and lease liabilities for all leases with lease terms in excess of twelve months. 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. ASU 2016-02 becomes effective for the Corporation on January 1, 2020. The Corporation is in the process of evaluating the impact of this new guidance.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through April 8, 2019.

2. Accounts receivable, net

Accounts receivable at March 31, 2019 and 2018, consist of amounts due under contracts in progress with federal government agencies, primarily the Department of Health and Human Services, and commercial entities. The components of accounts receivable are:

	2019	2018
Billed receivables	$ 13,733,262	$13,304,741
Unbilled receivables	2,441,787	2,142,298
Other receivables	3,825	21,990
Total	16,178,874	15,469,029
Less: Allowance for doubtful accounts	(212,707)	(220,245)
Net	$ 15,966,167	$ 15,248,784

All billed receivable amounts are expected to be collected during the next fiscal year.

Of the total receivables as of March 31, 2019 and 2018, approximately 12% and 13% are due under one contract that generated approximately 14% and 12% of total contract revenues for the period ended March 31, 2019 and 2018, respectively.

The unbilled receivables balance consists of the following components at March 31,

	2019	2018
Unbilled - timing differences	$ 498,777	$ 587,500
Unbilled - fixed price estimate-to-complete	522,831	739,592
Unbilled - indirect rate variances	1,420,179	815,206
Total	$ 2,441,787	$ 2,142,298

3. Property and equipment

Property and equipment consist of the following at March 31:

	2019	2018
Leasehold improvements	$ 2,930,403	$ 2,930,403
Furniture, fixtures and equipment	1,374,403	1,302,453
Computer and software equipment	8,278,622	6,157,661
Total	12,583,429	10,390,517
Less: Accumulated depreciation and amortization	(7,888,942)	(5,475,879)
Net	$ 4,694,487	$ 4,914,638

Related depreciation and amortization expense at March 31, 2019 and 2018 was $628,362 and $601,877, respectively.

4. Note payable - line of credit

The Corporation has a line of credit agreement with a bank which expires on March 31, 2019. Under the terms of the agreement, the Corporation can borrow up to $10,000,000, with interest at 2% above the daily one-month LIBOR rate. At March 31, 2019 and 2018, the interest rate was 3.56% and 2.77%, respectively. The bank has a secured interest in the Corporation's accounts receivable and other rights to payment, general intangibles, inventory and equipment. The agreement also includes various covenants including minimum tangible net worth, net income, and an asset coverage ratio requirement. The Corporation was in compliance with the financial covenants as of March 31, 2019 and 2018. There were no amounts outstanding under the line of credit agreement as of March 31, 2019 and 2018.

Line of credit amounts available are further reduced by any outstanding letters of credit with a ceiling of $3,000,000. The Corporation has outstanding letters of credit of $292,706 and $292,706 at March 31, 2019 and 2018, respectively (used in lieu of a cash security deposit on a corporate lease of office space).

5. Customer Advances

The Corporation receives cash advances from various commercial pharmaceutical companies for the support of clinical research. The Corporation distributes these funds to research institutions that receive federal funding for research, under the direction of government sponsored scientific committees. The Corporation is reimbursed for its administrative costs incurred to process these funds. Undisbursed advances totaling $408,619 and $435,860 at March 31, 2019 and 2018, respectively, are included in current liabilities on the accompanying Balance Sheets.

6. Retirement plan and employee stock ownership plan

Retirement plan: The Corporation sponsors a tax deferred retirement plan under the Internal Revenue Code ("401(k) Plan") to provide retirement benefits for all eligible employees. Participating employees may voluntarily contribute up to limits provided by Internal Revenue Service regulations. The 401(k) Plan provides for matching contributions up to 100% of the first 3% of the participant's compensation and up to 50% of the next 2% of the participant's compensation. All contributions are fully vested at the time of contribution. The Corporation contributed $248,520 and $258,174 during the period ended March 31, 2019 and 2018, respectively. The Corporation also made the contribution of $85,011 for 2018 match to employees account in February, 2019. In addition, the Corporation may also make profit sharing or discretionary contributions to the 401(k) Plan. No such contributions were made at March 31, 2019 and 2018.

Employee stock ownership plan: Effective January 1, 1998, the Corporation established an ESOP for substantially all of its employees. The plan provides for contributions in such amounts as may be determined by the Board of Directors. Participants vest at a rate of 25% per year beginning after the employee's second year. The Corporation can make a discretionary contribution to the plan annually. Any dividends received by the ESOP are used for debt service. The ESOP shares initially were pledged as collateral and allocated to active employees, based on the proportion of debt service paid in the year. Shares pledged as collateral are reported as unearned ESOP shares in the Balance Sheets. As shares are released from the collateral, the Corporation reports compensation expense equal to the current market price of the shares. The fair market value of the shares is determined annually by an independent appraiser. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are recorded as a reduction of debt and accrued interest. In the event a terminated participant in the ESOP plan desires to sell his or her shares of the Corporation's stock, or for certain employees who elect to diversify their account balances, the Corporation may be required to purchase the shares from a participant at their fair market value.

Year-To-Date through the period ended March 31, 2019, and 2018 the Corporation's cash contributions were $267,750 and $300,000, respectively.

In 2018 and 2017 the ESOP purchased 21,543 and 18,781 shares of Corporation common stock for $3,289,518 and $2,897,031 respectively owned by selling stockholders on October 1, 2018 and September 28, 2017. These shares were accounted for as Treasury Stock.

Effective September 15, 2016 the Corporation issued a new loan agreement to the ESOP consolidating the balances of all previously outstanding loans. The loan payable by the ESOP to the Corporation required a payment upon consolidation of $1,092,524 with subsequent payments to be made in 24 annual installments of $1,071,089. These annual installments include principal plus interest at 1.9% beginning on September 15, 2017 through September 15, 2040. The principal amount paid for the years ended December 31, 2018 and 2017, was $694,735 and $681,781, respectively.

The loan receivables from the ESOP are not reflected in these financial statements as the Corporation is the source of funds to repay these loans. Rather, the loans are reflected as a contra-equity account and are reduced as shares are allocated to the ESOP plan participants. The loans are secured by shares purchased. The number of shares released are calculated based on a fraction of principal and interest on the date of the payment to the sum of the current payment of principal and interest plus the remaining payments of principal and interest projected to be payable on the ESOP loan.

For the years ended December 31, 2018 and 2017, compensation cost associated with the release of 7,912 and 7,912 shares was $1,233,327 and $1,237,668 respectively. The fair value of the unearned shares at December 31, 2018 and 2017 was $27,685,993 and $27,788,804, respectively. The number of allocated shares at December 31, 2018 and 2017 was 186,191 and 199,822, respectively.

Activity in the ESOP common shares during the periods ended December 31, 2018 and December 31, 2017 was as follows:

	Shares	Original Cost
Unallocated shares, January 1, 2016	**189,895**	**20,392,053**
Shares released	**(7,912)**	**(865,298)**
Unallocated shares, December 31, 2017	**181,983**	**$ 19,526,753**
Shares released	**(7,912)**	**(848,989)**
Unallocated Shares, December 31, 2018	**174,071**	**$ 18,677,763**

7. Compensation Plan

The Corporation established a long-term incentive plan in 2010 to attract, retain and reward employees for contributing to the growth and profitability of the Corporation. The Plan has a term through December 2030. The Corporation has entered into stock appreciation rights agreements ("SARS") with certain key employees that provide for cash awards. Rights are assigned a value based upon the fair market value of the Corporation's common stock. Employee rights generally vest over three years of service after the effective date of the agreement. The maximum number of SARS which may be granted and outstanding shall not exceed 18% of the Corporation's equity on a fully diluted basis. The increase in the value of the rights is recorded as compensation expense. As of March 31, 2019 the Corporation has not accrued any compensation under the agreement included in accrued salaries and related liabilities for estimated long-term payments due under the plan. Year-To-Date through the period ended March 31, 2019 and 2018, the Corporation recorded compensation expense of $0 and $45,000, respectively. The Corporation has paid out $48,413 and $242,062 to employees under this plan during the second quarter 2019 and 2018, respectively.

8. Other liabilities

In 2014 the Corporation executed two separate agreements with Maryland and Montgomery County that provided the Corporation $1,000,000 in exchange for keeping its headquarters in its current location at the end of its lease. The first agreement was in the form of a Promissory Note and Loan Agreement ("Loan") for $650,000 with the Maryland Department of Business and Economic Development ("Lender"). The second agreement was a conditional grant ("Grant") for $350,000 from Montgomery County Maryland ("County"). Payment of principal are deferred while the Corporation employs at least 300 full-time employees. The Corporation must repay a portion of the Loan and Grant should fewer than 300 employees be employed by the Corporation in Maryland as of each December 31 during the term of the Loan, net of any previous year repayments plus interest calculated at 3% per annum from the inception of the Loan and Grant. The loan was amended in the first quarter effective December 31, 2018. As amended, should the Corporation employ less than 150 employees, the Corporation shall be in default and the entire amount of the outstanding principal and interest of the Loan shall be immediately payable to Lender. If, as of June 30, 2023, there remains any outstanding Loan and Grant principal and the Corporation is not in default, Lender will forgive the balance of the Loan and the Corporation will recognize both the Loan and Grant as income. The Company has repaid approximately $324,537 under the two agreements, including $166,714 and $22,513 due at December 2018 and 2017, respectively, which is included under accounts payable and accrued expenses on the accompanying balance sheets. The outstanding principal balance on the Loan and Grant was $675,463 and $819,143 as of March 31, 2019 and 2018, respectively, and is included under other liabilities on the accompanying balance sheets.

9. Operating leases

The Corporation is obligated, as lessee, under non-cancelable operating leases for office space in Maryland, North Carolina, and Uganda.

The following is a schedule by years of future minimum rental payments required under the operating leases that have an initial or remaining non-cancelable lease term in excess of one year as of March 31, 2019:

Year Ending December 31	Total
2020	$3,731,406
2021	$3,855,772
2022	$3,984,387
2023	$3,028,352
2024	$873,427
Thereafter	$1,818,536
Total	$ 17,291,880

Total rent expense for office, vehicle, and equipment leases year-to-date through March 31, 2019 and 2018 was $762,557 and $791,593, respectively.

10. Contract status

Provisional indirect cost rates: Billings under cost-based government contracts are calculated using provisional rates which permit recovery of indirect costs. These rates are subject to audit on an annual basis by the government agencies' cognizant audit agency. The cost audit will result in the negotiation and determination of the final indirect cost rates which the Corporation may use for the years audited. The final rates, if different from the provisional rates, may create a receivable or a liability.

As of March 31, 2019, the Corporation had negotiated final settlements on indirect cost rates through March 31, 2014. The Corporation has negotiated provisional indirect rates for the years through June 30, 2019. The Corporation periodically reviews its cost estimates and experience rates, and adjustments, if needed, are made and reflected in the period in which the estimates are revised. In the opinion of management, redetermination of any cost-based contracts for the open years will not have any material effect on the Corporation's financial position or results of operations. Management has provided an accrual for over-applied provisional billings in the amount of $589,070 and $543,336 at March 31, 2019 and 2017, respectively. Total unbilled receivables for indirect cost rate variances is $1,420,179 at March 31, 2019 and includes $354,688 of unbilled variance recorded in 2019. All variances are subject to the government's approval of final indirect cost rates.

11. Commitments and contingencies

The Federal Government is implementing significant changes to government spending and other programs. The funding of U.S. government programs is subject to an annual Congressional budget authorization and appropriations process. The Corporation cannot predict the impact on existing, follow-on or replacement programs from potential changes in priorities due to changes in spending levels.

12. Current indirect rates

The current indirect rates as of March 31, 2019 are listed as below:

Cost	Actual 3/31/19	Provisional
Overhead		
Cat I (HQ)	49.6%	44.0%
Cat III (International offices)	16.6%	22.0%
Cat IV (onsite)	14.4%	16.0%
Cat V (NC)	24.4%	25.0%
Cat VI (NC phone center)	14.7%	16.5%
Fringe Benefits (FT)	40.3%	39.0%
Fringe Benefits (PT)	27.2%	14.0%
G&A	20.5%	14.0%
Subcontract Administration	4.73%	2.50%

13. Unallowable costs

The following costs are unallowable costs and cannot be charged to our government contracts:

	3/31/19	3/31/18
Unallowable Corporate Sponsorships and Contributions	$9,815	$30,823
Unallowable Morale and Welfare	10,733	7,614
Unallowable Business Meals	2,111	469
Unallowable Professional Services	66,981	
Accrued SAR Bonus		45,000
Goodwill Amortization	228,329	228,329
Bad Debt Expense		75,000
Unallowable Advertising		2,750
Other Unallowable Expenses	6,326	6,174
Unallowable Expenses subtotal, Excluding Interest	**$324,294**	**$396,158**
Interest Expense		607
Total Unallowable Expenses	**$324,294**	**$396,765**

14. Corporate Sponsorships and Contributions

Account	Awardee	Affiliation	Amount
Corporate Sponsorships			
900-04	World Trade Center Institute		$3,500
900-04	Maryland Tech Council		1,755
900-04	Spelling Bee		2,500
900-04	Manna Heroes against Hunger		2,500
Total			**$10,255**
Corporate Contributions			
900-10			
Other < $2,000	Cash Received from 2018 project		$(440)
Total			**$(440)**
Unallowable Corporate Sponsorships and Contributions			**$9,815**

Exhibit 99.3

DLH UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements combine the historical consolidated financial information of DLH Holdings Corp. and Subsidiaries (the "Company") and the financial statements of Social & Scientific Systems, Inc. ("SSS"), acquired on June 7, 2019. The unaudited pro forma condensed combined financial information gives effect to the Company's acquisition of SSS as if the acquisition had been consummated on October 1, 2017 for the unaudited pro forma condensed combined statements of operations for the year ended September 30, 2018 and for the six months ended March 31, 2019. The unaudited pro forma condensed combined balance sheet as of March 31, 2019 gives effect to the acquisition of SSS as if the acquisition had been consummated on that date. The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting, whereby the assets acquired and liabilities assumed are recognized based upon their estimated fair values at the acquisition date.

The Company's historical financial information was derived from its audited consolidated financial statements for the year ended September 30, 2018 (as filed in its Annual Report on Form 10-K with the Securities and Exchange Commission on December 12, 2018) and the Company's unaudited consolidated financial statements for the six months ended March 31, 2019 (as filed in its Quarterly Report on Form 10-Q with the Securities and Exchange Commission on May 7, 2019). The Company's historical financial statements used in preparing the unaudited pro forma financial data are summarized and should be read in conjunction with its historical financial statements and risk factors, all of which are included in the filings with the Securities and Exchange Commission noted above. The audited financial statements of SSS for the year ended December 31, 2018 are included in this report. The historical financial information derived from the audited financial statements has been adjusted in the unaudited pro forma financial statements to give effect to the pro forma adjustments. SSS's financial information for the three months ended March 31, 2019 was derived from unaudited financial statements for the three months ended March 31, 2019 and has similarly been adjusted in the unaudited pro forma financial statements to give effect to the pro forma adjustments.

The Company is providing the unaudited pro forma condensed combined information for illustrative purposes only and such pro forma information does not represent the consolidated results or financial position of the Company had its acquisition of SSS been completed as of the dates indicated. The companies may have performed differently had they been combined during the periods presented. Specifically, the unaudited pro forma condensed combined financial information does not reflect any cost savings, operating synergies, revenue enhancements or restructuring costs that the combined company may achieve or incur as a result of the acquisition. You should not rely on the unaudited pro forma condensed combined financial information as being indicative of the historical results that would have been achieved had the companies actually been combined during the periods presented. Further, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company.

The unaudited pro forma adjustments represent the Company's best estimates and are based upon available information and upon certain assumptions that the Company believes are reasonable, as described in the accompanying notes. The unaudited pro forma condensed combined financial information, including the accompanying notes, should be read in conjunction with:

- The Company's historical consolidated financial statements and accompanying notes contained in its Annual Report on Form 10-K for its fiscal year ended September 30, 2018, filed with the Securities and Exchange Commission (the "Commission") on December 12, 2018;
- The Company's historical consolidated financial statements and accompanying notes contained in its Quarterly Report on Form 10-Q for its quarter ended March 31, 2019, filed with the Commission on May 7, 2019;
- SSS' historical financial statements and accompanying notes for its fiscal year ended, December 31, 2018, included as Exhibit 99.1 in this amended Current Report on Form 8-K;
- SSS' unaudited financial statements and accompanying notes as of and for the three months ended March 31, 2019, and 2018, included as Exhibit 99.2 in this amended Current Report on Form 8-K; and
- The Agreement filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on June 13, 2019.

The preliminary base purchase price for SSS was $70 million, and was subject to adjustment to reflect acquired cash, assumed liabilities and preliminary net working capital adjustments. Following initial adjustments, the preliminary purchase price for SSS on June 7, 2019 was $69.6 million and included a target net working capital of $8.4 million, net of cash acquired. Our estimated pro forma balance sheet included herein is stated as if the transaction occurred on March 31, 2019. As such, the estimated net working capital at March 31, 2019 is $9.1 million, reflecting a surplus of $0.7 million over the $8.4 million target. This increased the preliminary purchase price as of March 31, 2019, from $69.6 million to $70.3 million. Working capital balances on the actual date of the acquisition, June 7, 2019, will be different from those estimated at March 31, 2019. Future adjustments for working capital excess (deficit) compared to the $8.4 million target will change as we finalize valuations and financial results as of the actual date of the acquisition on June 7, 2019.

DLH HOLDINGS CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018
(Amounts in thousands, except per share data)

	The Company	Social & Scientific Systems, Inc	Completed & non-recurring SSS contracts [3a]	Pro Forma Adjustments	Pro Forma Combined
Revenue	$ 133,236	$ 84,392	$ (14,341)	$ —	$ 203,287
Direct expenses	103,034	51,138	(9,523)	6,656 [3b]	151,305
Gross margin	30,202	33,254	(4,818)	(6,656)	51,982
General and administrative expenses	19,178	30,327	(3,470)	(10,874) [3c]	35,161
Depreciation and amortization	2,242	—	—	5,598 [3c]	7,840
Income from operations	**8,782**	**2,927**	**(1,348)**	**(1,380)**	**8,981**
Interest and other income (expense), net	(1,116)	15	—	(5,113) [3d]	(6,214)
Income/(loss) before income taxes	**7,666**	**2,942**	**(1,348)**	**(6,493)**	**2,767**
Provision (benefit) for income taxes	5,830	—	—	(1,607) [3e]	4,223
Net income/(loss)	**$ 1,836**	**$ 2,942**	**$ (1,348)**	**$ (4,886)**	**$ (1,456)**
Net income (loss) per share - basic	$ 0.15				$ (0.12) [3f]
Net income (loss) per share - diluted	$ 0.14				$ (0.12) [3f]
Weighted average common shares outstanding					
Basic	11,881				11,881
Diluted	12,873				11,881

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

DLH HOLDINGS CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
SIX MONTHS ENDED MARCH 31, 2019
(Amounts in thousands, except per share data)

	The Company	Social & Scientific Systems, Inc.	Completed & non-recurring SSS contracts [3a]	Pro Forma Adjustments	Pro Forma Combined
Revenue	$ 67,508	$ 38,739	$ (5,581)	$ —	$ 100,666
Direct expenses	51,647	22,615	(3,289)	2,797 [3b]	73,770
Gross margin	15,861	16,124	(2,292)	(2,797)	26,896
General and administrative expenses	9,855	14,486	(1,712)	(4,868) [3c]	17,761
Depreciation and amortization	1,123	—	—	2,777 [3c]	3,900
Income from operations	**4,883**	**1,638**	**(580)**	**(706)**	**5,235**
Interest expense, net	(721)	(45)	—	(2,383) [3d]	(3,149)
Income/(loss) before income taxes	**4,162**	**1,593**	**(580)**	**(3,089)**	**2,086**
Provision (benefit) for income taxes	1,207	—	—	(603) [3e]	604
Net income/(loss)	**$ 2,955**	**$ 1,593**	**$ (580)**	**$ (2,486)**	**$ 1,482**
Net income (loss) per share - basic	$ 0.25				$ 0.12 [3f]
Net income (loss) per share - diluted	$ 0.23				$ 0.11 [3f]
Weighted average common shares outstanding					
Basic	11,999				11,999
Diluted	13,030				13,030

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

DLH HOLDINGS CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
March 31, 2019
(Amounts in thousands except par value of shares)

	The Company	Social & Scientific Systems, Inc.	Completed & non-recurring SSS contracts [4a]	Pro Forma Adjustments	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 5,461	$ 13,899	$ —	$ (17,499) [4b]	1,861
Accounts receivable, net	9,396	15,966	(855)	—	24,507
Other current assets	1,509	1,081	—	—	2,590
Total current assets	16,366	30,946	(855)	(17,499)	28,958
Equipment and Improvements, net	1,328	4,694	—	—	6,022
Deferred taxes, net	3,160	—	—	—	3,160
Goodwill and other intangibles, net	38,472	4,049	—	55,394 [4c]	97,915
Other long-term assets	201	—	—	—	201
Total assets	**$ 59,527**	**$ 39,689**	**$ (855)**	**$ 37,895**	**$ 136,256**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accrued payroll	$ 5,217	$ 3,960	$ —	$ (268) [4d]	$ 8,909
Accounts payable, accrued expenses, and other current liabilities	11,305	3,458	(18)	—	14,745
Term loan - current portion	—	—	—	5,832 [4e]	5,832
Total current liabilities	16,522	7,418	(18)	5,564	29,486
Term loan - long-term portion	—	—	—	60,821 [4e]	$ 60,821
Other long term liabilities	201	2,944	—	—	3,145
Total liabilities	16,723	10,362	(18)	66,385	93,452
Commitments and contingencies					
Shareholders' equity:					
Common stock, $.001 par value; authorized 40,000 shares; issued and outstanding 12,036 at March 31, 2019 and 11,899 at September 30, 2018	12	—	—	—	12
Treasury stock	—	(9,550)	—	9,550 [4f]	—
Unallocated common stock held by ESOP	—	(18,678)	—	18,678 [4f]	—
Additional paid-in capital	84,716	1,995	—	(1,995) [4f]	84,716
Retained earnings (accumulated deficit)	(41,924)	55,560	(837)	(54,723) [4g]	(41,924)
Total shareholders' equity	42,804	29,327	(837)	(28,490)	42,804
Total liabilities and shareholders' equity	**$ 59,527**	**$ 39,689**	**$ (855)**	**$ 37,895**	**$ 136,256**

The accompanying notes are an integral part of these unaudited pro forma condensed combined financial statements.

<u>Notes to accompanying Financial Statements</u>:

1. Description of the transaction and basis of presentation

On June 7, 2019, we acquired 100% of the equity interests of Social & Scientific Systems, Inc. ("SSS") for a preliminary base purchase price for SSS of $70 million, subject to adjustment to reflect acquired cash, assumed liabilities and preliminary net working capital adjustments. Following initial adjustments, the preliminary purchase price was $69.6 million, subject to certain adjustments including a final assessment of SSS's closing working capital. The preliminary purchase price included a target net working capital of $8.4 million, net of cash acquired. Future adjustments for working capital excess (deficit) compared to the $8.4 million target will change as we finalize valuations and financial results as of the actual date of the acquisition on June 7, 2019. The acquisition was financed through borrowings of $70 million under our new credit facility. The credit facility includes a $70 million term loan and $25 million revolving line of credit.

The unaudited pro forma condensed combined financial statements have been prepared based upon the Company’s historical financial information and the historical financial information of SSS, giving effect to the acquisition and related adjustments described in these notes. Certain note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted as permitted by SEC rules and regulations.

These unaudited pro forma condensed combined financial statements are not necessarily indicative of the results of operations that would have been achieved had the acquisitions actually taken place at the dates indicated and do not purport to be indicative of future financial position or operating results.

SSS' operating results included in the unaudited pro forma condensed combined statement of operations for the six months ended March 31, 2019 are not intended to represent or be indicative of operating results for a full year. Certain contracts within SSS' operations had seasonality in their historical performance and such seasonality can continue in the future.

2. Purchase accounting

The acquisition of SSS is being accounted for as a business combination using the acquisition method of accounting, whereby the assets acquired and liabilities assumed are recognized based upon their estimated fair values at the acquisition date.

The fair values of the assets and liabilities in the unaudited pro forma condensed combined financial statements are based upon a preliminary assessment of fair value and may change when the final valuation of intangible assets, working capital and tax-related matters are finalized.

The preliminary purchase price for SSS was $69.6 million, with adjustments as necessary based on an estimated working capital excess. The preliminary purchase price of $69.6 million included a target net working capital of $8.4 million. Future adjustments for working capital excess (deficit) compared to the $8.4 million target will change as we finalize valuations and financial results as of the actual date of the acquisition on June 7, 2019.

Based on March 31, 2019 financial information, we estimated total acquisition consideration and the preliminary allocation of fair value to the related assets and liabilities as follows:

(Amounts in thousands)

Preliminary purchase price for SSS		**$**	**69,558**
Estimated working capital excess as if transaction closed on 3/31/19			695
Estimated purchase price, net of cash acquired		**$**	**70,253**
Estimated net assets acquired as if transaction closed on 3/31/19:			
Cash and cash equivalents		$	—
Accounts receivable			15,112
Other current assets			1,081
Total current assets			**16,193**
Accounts payable and accrued expenses			(3,693)
Payroll liabilities			(3,440)
Estimated net working capital surplus			**9,060**
Equipment and improvements, net			4,694
Acquired capitalized software, net			342
Other long term liabilities			(2,944)
Net identifiable assets acquired			**11,152**
Goodwill and other intangibles	[4c]		59,101
Net assets acquired		**$**	**70,253**

3.Pro forma Condensed Combined Statements of Operations adjustments and assumptions

3a. Certain SSS contracts in the historical periods were completed prior to the acquisition. Additionally, due to the nature of the SSS contract base, revenue can be episodic and non-recurring as a result of global health epidemics. As such the pro forma financial statements have been adjusted to remove the revenue and earnings contribution of these contracts that will not be a part of the post-acquisition business base.

3b.This adjustment conforms SSS’ income statement presentation with that of DLH.

Amounts in Thousands	**Unaudited**			
	Pro Forma Financial Statements			
Adjustments to Direct expenses:		**Year Ended 9/30/2018**		**Six Months Ended 3/31/2019**
Reclassify certain SSS fringe costs from G&A to direct costs	$	9,015	$	3,956
Reclassify SSS depreciation and amortization from direct expenses to depreciation		(1,408)		(778)
Eliminate SSS employee stock option plan ("ESOP") contribution		(951)		(381)
Total adjustments to direct expenses	**$**	**6,656**	**$**	**2,797**

3c. Adjustments to general and administrative, and depreciation and amortization expenses are as follows:

Amounts in Thousands	Unaudited	
	Pro Forma Financial Statements	
Adjustments to G&A and Depreciation and Amortization expense:	Year Ended 9/30/2018	Six Months Ended 3/31/2019
Reclassify certain SSS fringe costs from G&A to direct costs	$ (9,015)	$ (3,956)
Reclassify SSS depreciation and amortization from G&A expenses to depreciation	(1,260)	(534)
Eliminate SSS employee stock option plan ("ESOP") contribution	(599)	(253)
Eliminate SSS incurred acquisition expenses, as this presentation assumes such costs were incurred prior to the acquisition.	—	(125)
Total adjustments to general and administrative expenses	**$ (10,874)**	**$ (4,868)**
Depreciation and amortization expense reclassified from direct expenses and G&A	$ 2,668	$ 1,312
Amortization expense related to the acquired intangibles assets of SSS	2,930	1,465
Total adjustments to depreciation and amortization expenses	**$ 5,598**	**$ 2,777**

3d. Adjustments to other income and expenses are as follows:

Amounts in Thousands	Unaudited	
	Pro Forma Financial Statements	
Adjustments to other income and expense	Year Ended 9/30/2018	Six Months Ended 3/31/2019
Eliminate interest expense as originally recorded by SSS	$ (6)	$ (54)
Add estimated interest expense under new $70 Million Term Loan as if it began on October 1, 2017, using amortization schedule at date of closing	5,119	2,437
Total adjustments to other income and expense	**$ 5,113**	**$ 2,383**

3e. Adjustments to provision (benefit) for income taxes:

Amounts in Thousands	Unaudited	
	Pro Forma Financial Statements	
Adjustments to provision (benefit) for income taxes	Year Ended 9/30/2018	Six Months Ended 3/31/2019
Transition of SSS from an S corporation, whose tax obligations are passed to its owners, to a member of the DLH consolidated tax group. This adjustment also reflects the tax effects of the pro forma adjustments outlined above. Following the Acquisition, SSS will accrue taxes based upon corporate tax rates at U.S. Federal, state and local level.	$ (1,607)	$ (603)
Total adjustments to other provision (benefit) for income taxes	**$ (1,607)**	**$ (603)**

3f. The earnings per share calculations have been adjusted to reflect the pro forma transactions outlined above.

4. Pro forma Condensed Combined Balance Sheet adjustments and assumptions

4a. Certain SSS contracts in the historical periods were completed prior to the acquisition. Additionally, due to the nature of the SSS contract base, revenue can be episodic and non-recurring as a result of global health epidemics. As such the pro forma financial statements have been adjusted to remove the outstanding receivables and payables of the episodic contracts.

4b. Adjustments to cash and cash equivalents:

Amounts in Thousands Adjustments to cash and cash equivalents		Unaudited Pro Forma Balance Sheet 3/31/2019
Proceeds from $70 million term loan	$	70,000
Financing fees associated with securing $95 million credit facility		(3,347)
Cash swept at closing per Share Purchase Agreement (SPA)		(13,899)
Based upon working capital at March 31, 2019, the estimated acquisition price for SSS used in this pro forma balance sheet would have been $70.3 million.		(70,253)
Total adjustments to cash and cash equivalents	**$**	**(17,499)**

4c. This adjustment reflects recording goodwill and other intangibles of $59.1 million resulting from the Acquisition, representing the difference between the preliminary estimate of the fair value of the identifiable assets acquired and liabilities assumed and the total estimated purchase price and eliminating the legacy goodwill from previous acquisitions:

Amounts in Thousands Calculation of goodwill and other intangibles at 3/31/19 resulting from the acquisition		Unaudited Pro Forma Balance Sheet 3/31/2019
Estimated purchase price	$	70,253
Less: net identifiable assets acquired		(11,152)
Less: unamortized legacy SSS goodwill		(3,707)
Total adjustments to goodwill and other intangibles at 3/31/19	**$**	**55,394**

4d. This adjustment for $268 thousand reflects accrued ESOP contributions of SSS. These costs were eliminated at the acquisition date.

4e. This adjustment reflects recording the term loan of $70 million, net of debt issuance costs of $3.3 million

4f. This adjustment reflects eliminations of historical SSS equity balances:

Amounts in Thousands Adjustments to additional paid in capital		Unaudited Pro Forma Balance Sheet 3/31/2019
Eliminate SSS's treasury stock balance; equity was extinguished on the date of acquisition	$	9,550
Eliminated SSS's unallocated common stock held by ESOP; equity was extinguished on the date of acquisition		18,678
Eliminate SSS's historical paid in capital balance; equity was extinguished on the date of acquisition		(1,995)
Total adjustments to additional paid in capital	**$**	**26,233**

4g. This adjustment reflects changes to Retained earnings resulting from the acquisition of SSS:

Amounts in Thousands **Adjustments to accumulated deficit resulting from acquisition**		**Unaudited Pro Forma Balance Sheet 3/31/2019**
Eliminate SSS historical retained earnings; equity was extinguished on the date of acquisition	$	55,560
Eliminate completed contracts impact on equity		(837)
Total adjustments to accumulated deficit	**$**	**54,723**

Exhibit 99.4

DLH HOLDINGS CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA EBITDA
YEAR ENDED SEPTEMBER 30, 2018
(Amounts in thousands, except per share data)

We use Earnings Before Interest Tax Depreciation and Amortization ("EBITDA") as supplemental non-GAAP measures of our performance. We define EBITDA as net income/(loss) adjusted to exclude (i) interest and other expenses, (ii) provision for or benefit from income taxes, if any, and (iii) depreciation and amortization.

This non-GAAP measure of our performance is used by DLH management to conduct and evaluate its business during its regular review of operating results for the periods presented. Management and the Company's Board utilize this non-GAAP measure to make decisions about the use of the Company's resources, analyze performance between periods, develop internal projections and measure management performance. We believe that this non-GAAP measure is useful to investors in evaluating the Company's ongoing operating and financial results and understanding how such results compare with the Company's historical performance. By providing this non-GAAP measure as a supplement to GAAP information, we believe we are enhancing investors' understanding of our business and our results of operations.

Unaudited pro forma non-GAAP reconciliation for pro forma year ended September 30, 2018 (Amounts in thousands)	**The Company**	**Social & Scientific Systems, Inc.**	**Completed & non-recurring SSS contracts**	**Pro Forma Adjustments**	**Pro Forma Combined**
Pro forma GAAP net income/(loss)	$ 1,836	$ 2,942	$ (1,348)	$ (4,886)	$ (1,456)
(i) Interest and other expense (income)	1,116	(15)	—	5,113	6,214
(ii) Provision (benefit) for taxes	5,830	—	—	(1,607)	4,223
(iii) Depreciation and amortization	2,242	—	—	5,598	7,840
Pro forma EBITDA	**$ 11,024**	**$ 2,927**	**$ (1,348)**	**$ 4,218**	**$ 16,821**
Weighted average shares outstanding					
Basic	11,881				11,881
Diluted	12,873				12,873

Please refer to the GAAP pro forma financial statements and notes included in Exhibit 99.3 herein. Weighted average shares outstanding shown in this table are consistent with the shares used for DLH pro forma earnings per share, calculated as required under GAAP.

DLH HOLDINGS CORP. AND SUBSIDIARIES
UNAUDITED PRO FORMA EBITDA
SIX MONTHS ENDED March 31, 2019
(Amounts in thousands, except per share data)

We use Earnings Before Interest Tax Depreciation and Amortization (“EBITDA”) as a supplemental non-GAAP measure of our performance. We define EBITDA as net income/(loss) adjusted to exclude (i) interest and other expenses, (ii) provision for or benefit from income taxes, if any, (iii) depreciation and amortization, and (iv) G&A expenses - equity grants.

This non-GAAP measure of our performance is used by DLH management to conduct and evaluate its business during its regular review of operating results for the periods presented. Management and the Company’s Board utilize this non-GAAP measure to make decisions about the use of the Company’s resources, analyze performance between periods, develop internal projections and measure management performance. We believe that this non-GAAP measure is useful to investors in evaluating the Company’s ongoing operating and financial results and understanding how such results compare with the Company’s historical performance. By providing this non-GAAP measure as a supplement to GAAP information, we believe we are enhancing investors’ understanding of our business and our results of operations.

Unaudited pro forma non-GAAP reconciliation for pro forma six months ended March 31, 2019 (Amounts in thousands)	**The Company**	**Social & Scientific Systems, Inc.**	**Completed & non-recurring SSS contracts**	**Pro Forma Adjustments**	**Pro Forma Combined**
Pro forma GAAP net income/(loss)	$ 2,955	$ 1,593	$ (580)	$ (2,486)	$ 1,482
(i) Interest and other expense	721	45	—	2,383	3,149
(ii) Provision (benefit) for taxes	1,207	—	—	(603)	604
(iii) Depreciation and amortization	1,123	—	—	2,777	3,900
Pro forma EBITDA	**$ 6,006**	**$ 1,638**	**$ (580)**	**$ 2,071**	**$ 9,135**
Weighted average shares outstanding					
Basic	11,999				11,999
Diluted	13,030				13,030

Please refer to the GAAP pro forma financial statements and notes included in Exhibit 99.3 herein. Weighted average shares outstanding shown in this table are consistent with the shares used for DLH pro forma earnings per share, calculated as required under GAAP.