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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2020

OR

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

For the transition period from _______ to

Commission file number: 1-34522

ASURE SOFTWARE, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	**74-2415696** (I.R.S. Employer Identification No.)
3700 N. Capital of Texas Hwy #350 **Austin, Texas** (Address of Principal Executive Offices)	**78746** (Zip Code)

(512) 437-2700
(Registrant's Telephone Number, including Area Code)

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, $0.01 par value	**ASUR**	**Nasdaq Capital Market**

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

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

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

Large accelerated filer	☐	Accelerated filer ☒	Non-accelerated filer ☐	Smaller reporting company ☒	
Emerging growth company	☐				

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

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

As of August 7, 2020, 15,850,601 shares of the registrant's Common Stock were outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ASURE SOFTWARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	June 30, 2020 (unaudited)	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 29,259	$ 28,826
Accounts receivable, net of allowance for doubtful accounts of $885 and $904 at June 30, 2020 and December 31, 2019, respectively	5,541	4,808
Inventory	550	656
Prepaid expenses and other current assets	6,080	12,218
Total current assets before funds held for clients	41,430	46,508
Funds held for clients	112,581	137,935
Total current assets	154,011	184,443
Property and equipment, net	8,505	7,867
Goodwill	68,697	68,697
Intangible assets, net	60,477	63,850
Operating lease assets, net	7,215	6,963
Other assets, net	3,693	3,224
Total assets	$ 302,598	$ 335,044
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of notes payable	$ 15,695	$ 2,571
Accounts payable	2,128	1,736
Accrued compensation and benefits	3,205	3,424
Operating lease liabilities, current	1,703	1,575
Other accrued liabilities	4,144	6,556
Deferred revenue	3,766	5,500
Total current liabilities before client fund obligations	30,641	21,362
Client fund obligations	112,857	145,227
Total current liabilities	143,498	166,589
Long-term liabilities:		
Deferred revenue	214	322
Deferred tax liability	407	336
Notes payable, net of current portion	17,860	24,142
Operating lease liabilities, noncurrent	6,310	5,937
Other liabilities	223	139
Total long-term liabilities	25,014	30,876
Total liabilities	168,512	197,465
Commitments		
Stockholders' equity:		
Preferred stock, $.01 par value; 1,500 shares authorized; none issued or outstanding	-	-
Common stock, $.01 par value; 44,000 and 22,000 shares authorized; 16,225 and 16,098 shares issued, 15,841 and 15,714 shares outstanding at June 30, 2020 and December 31, 2019, respectively	162	161
Treasury stock at cost, 384 shares at June 30, 2020 and December 31, 2019	(5,017)	(5,017)
Additional paid-in capital	397,692	396,102
Accumulated deficit	(259,353)	(253,642)
Accumulated other comprehensive income (loss)	602	(25)
Total stockholders' equity	134,086	137,579
Total liabilities and stockholders' equity	$ 302,598	$ 335,044

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

ASURE SOFTWARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in thousands, except share and per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Revenue:				
Recurring	$ 13,733	$ 16,624	$ 32,168	$ 36,415
Professional services, hardware and other	382	650	893	1,269
Total revenue	14,115	17,274	33,061	37,684
Cost of Sales	6,008	7,059	13,848	13,313
Gross profit	8,107	10,215	19,213	24,371
Operating expenses:				
Sales and marketing	2,769	3,058	6,344	5,763
General and administrative	5,193	6,618	11,646	14,807
Research and development	1,377	969	2,551	2,290
Amortization of intangible assets	2,349	2,403	4,698	4,821
Total operating expenses	11,688	13,048	25,239	27,681
Loss from operations	(3,581)	(2,833)	(6,026)	(3,310)
Interest (expense) and other, net	14	(3,069)	710	(5,783)
Loss from continuing operations before income taxes	(3,567)	(5,902)	(5,316)	(9,093)
Income tax expense	377	396	395	642
Loss from continuing operations	(3,944)	(6,298)	(5,711)	(9,735)
Discontinued operations				
Income from operations of discontinued operations	-	1,303	-	1,904
Income tax (benefit) expense	-	(28)	-	30
Gain on discontinued operations, net of taxes	-	1,331	-	1,874
Net loss	(3,944)	(4,967)	(5,711)	(7,861)
Other comprehensive income:				
Unrealized gain on marketable securities	562	78	627	26
Foreign currency translation loss	-	(365)	-	(46)
Comprehensive loss	$ (3,382)	$ (5,254)	$ (5,084)	$ (7,881)
Basic and diluted loss per share from continuing operations				
Basic	$ (0.25)	$ (0.41)	$ (0.36)	$ (0.63)
Diluted	$ (0.25)	$ (0.41)	$ (0.36)	$ (0.63)
Basic and diluted loss per share				
Basic	$ (0.25)	$ (0.32)	$ (0.36)	$ (0.51)
Diluted	$ (0.25)	$ (0.32)	$ (0.36)	$ (0.51)
Weighted average basic and diluted shares				
Basic	15,779,000	15,444,000	15,753,000	15,425,000
Diluted	15,779,000	15,444,000	15,753,000	15,425,000

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

ASURE SOFTWARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Amounts in thousands)
(Unaudited)

	Common Stock Outstanding	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2019	15,714	$ 161	$ (5,017)	$ 396,102	$ (253,642)	$ (25)	$ 137,579
Stock issued upon option exercise and vesting of restricted stock units	29	-	-	106	-	-	106
Share based compensation	-	-	-	438	-	-	438
Net loss	-	-	-	-	(1,767)	-	(1,767)
Other comprehensive income	-	-	-	-	-	65	65
Balance at March 31, 2020	15,743	$ 161	$ (5,017)	$ 396,646	$ (255,409)	$ 40	$ 136,421
Stock issued upon option exercise and vesting of restricted stock units	66	1	-	301	-	-	302
Stock issued, ESPP	32	-	-	157	-	-	157
Share based compensation	-	-	-	588	-	-	588
Net loss	-	-	-	-	(3,944)	-	(3,944)
Other comprehensive income	-	-	-	-	-	562	562
Balance at June 30, 2020	15,841	$ 162	$ (5,017)	$ 397,692	$ (259,353)	$ 602	$ 134,086

	Common Stock Outstanding	Common Stock Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at December 31, 2018	15,282	$ 157	$ (5,017)	$ 391,927	$ (283,643)	$ (906)	$ 102,518
Stock issued upon acquisition	123	1	-	554	-	-	555
Share based compensation	-	-	-	611	-	-	611
Net loss	-	-	-	-	(2,894)	-	(2,894)
Other comprehensive income	-	-	-	-	-	267	267
Balance at March 31, 2019	15,405	$ 158	$ (5,017)	$ 393,092	$ (286,537)	$ (639)	$ 101,057
Stock issued, ESPP	53	-	-	255	-	-	255
Stock issued upon option exercise and vesting of restricted stock units	93	1	-	466	-	-	467
Share based compensation	-	-	-	392	-	-	392
Net loss	-	-	-	-	(4,967)	-	(4,967)
Other comprehensive loss	-	-	-	-	-	(287)	(287)
Balance at June 30, 2019	15,551	$ 159	$ (5,017)	$ 394,205	$ (291,504)	$ (926)	$ 96,917

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

ASURE SOFTWARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Cash flows from operating activities:		
Net loss	$ (5,711)	$ (7,861)
Adjustments to reconcile net loss to net cash (used in) provided by operations:		
Depreciation and amortization	7,804	7,935
Amortization of debt financing costs and discount	159	800
Provision for (recovery of) doubtful accounts	142	(350)
Provision for deferred income taxes	71	621
Gain on modification of debt	(123)	-
Share-based compensation	1,026	1,003
Loss on disposals of fixed assets	53	3
Changes in operating assets and liabilities:		
Accounts receivable	(2,353)	1,812
Inventory	11	(2,082)
Prepaid expenses and other assets	(485)	678
Accounts payable	425	1,259
Accrued expenses and other long-term obligations	(2,517)	(720)
Operating lease liabilities	(777)	-
Deferred revenue	(1,856)	(256)
Net cash (used in) provided by operating activities	**(4,131)**	**2,842**
Cash flows from investing activities:		
Acquisitions, net of cash acquired	-	(7,443)
Acquisition of intangible asset	(1,823)	-
Purchases of property and equipment	(547)	(993)
Software capitalization costs	(1,342)	(2,111)
Net change in funds held for clients	33,603	31,943
Net cash provided by investing activities	**29,891**	**21,396**
Cash flows from financing activities:		
Proceeds from notes payable	8,856	8,000
Payments of notes payable	(2,359)	(4,356)
Proceeds from revolving line of credit	-	4,000
Debt financing fees	(20)	(1,102)
Payments of finance leases	-	(68)
Net proceeds from issuance of common stock	566	722
Net change in client fund obligations	(32,370)	(32,238)
Net cash used in financing activities	**(25,327)**	**(25,042)**
Effect of foreign exchange rates	**-**	**16**
Net increase (decrease) in cash and cash equivalents	**433**	**(788)**
Cash and cash equivalents at beginning of period	**28,826**	**15,444**
Cash and cash equivalents at end of period	**$ 29,259**	**$ 14,656**
Supplemental information:		
Cash paid for:		
Interest	$ 589	$ 4,804
Income taxes	381	31
Non-cash Investing and Financing Activities:		
Subordinated notes payable –acquisitions	$ -	$ 2,000
Equity issued in connection with acquisitions	-	555

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

NOTE 1 – THE COMPANY AND BASIS OF PRESENTATION

Asure Software, Inc., ("Asure", the "Company", "we" and "our"), a Delaware Corporation, is a leading provider of Human Capital Management ("HCM"). Asure facilitates the growth of small and mid-sized companies by helping them (i) build better teams with skills that get them to the next level, (ii) stay compliant with ever changing federal, state, and local tax jurisdictions and labor laws, and (iii) allocate more resources to support growth rather than back-office overhead that suffocates growth. Asure's HCM suite, named AsureHCM, includes cloud-based Payroll & Tax, Human Resources ("HR"), and Time & Attendance software as well as HR Services ranging from HR projects to completely outsourcing payroll and HR staff. We develop, market, sell and support our offerings across North America through our principal office in Austin, Texas and from our processing hubs in California, Tennessee, Nebraska, New York, Florida, Vermont, and Washington.

In December 2019, we completed the sale of the assets of our Workspace Management business for an aggregate purchase price of approximately $121,500 in cash. We used the proceeds to pay down debt. In July 2020 we finalized our working capital adjustment and received escrow funds of $1,687. For further information regarding the transaction, see Note 10 to the accompanying consolidated financial statements.

We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with the rules and regulations of the Securities and Exchange Commission and accordingly, they do not include all information and footnotes required under U.S. generally accepted accounting principles ("U.S. GAAP") for complete financial statements. Certain reclassifications were made to conform to the current period presentation in the condensed consolidated statements of comprehensive loss. These reclassifications include a change in the presentation of revenues.

In the opinion of management, these interim financial statements contain all adjustments, consisting of normal, recurring adjustments, necessary for a fair presentation of our financial position as of June 30, 2020 and the results of operations, statements of changes in stockholders' equity for the three and six months ended June 30, 2020 and June 30, 2019, and our statements of cash flows for the six months ended June 30, 2020 and June 30, 2019.

These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto filed with the Securities and Exchange Commission in our annual report on Form 10-K for the fiscal year ended December 31, 2019. The results for the interim periods are not necessarily indicative of results for a full fiscal year.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

Preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are subjective in nature and involve judgments. The more significant estimates made by management include the valuation allowance for the gross deferred tax assets, useful lives of fixed assets, the determination of the fair value of its long-lived assets, and the fair value of assets acquired and liabilities assumed during acquisitions. We base our estimates on historical experience and on various other assumptions management believes reasonable under the given circumstances. These estimates could be materially different under different conditions and assumptions. Additionally, the actual amounts could differ from the estimates made. Management periodically evaluates estimates used in the preparation of the consolidated financial statements for continued reasonableness. We make appropriate adjustments, if any, to the estimates used prospectively based upon such periodic evaluation.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

SIGNIFICANT RISKS AND UNCERTAINTIES

The COVID-19 pandemic has resulted in a global economic slowdown and disruptions that have and could continue to negatively impact our business. The pandemic and numerous measures implemented to contain the virus such as business shutdowns, shelter-in-place orders and travel bans and restrictions have caused businesses, especially small and medium sized businesses some of whom are our customers, to reduce headcount or cease operations as customer demand decreased. Given the economic slowdown and other risks and uncertainties associated with the pandemic, we expect that our business, financial condition, results of operations and growth prospects will be adversely affected in the future. Our business is impacted by employment levels as we have contracts that charge clients on a per-employee basis. In addition, the conditions caused by the COVID-19 pandemic could adversely affect our customers' ability or willingness to purchase our offerings, delay prospective customers' purchasing decisions, delay the provisioning of our offerings, lengthen payment terms, reduce the value or duration of customer subscription contracts, or affect attrition rates, all of which could adversely affect our future sales, operating results and overall financial performance.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions and the impact of these and other factors on our employees, customers, partners and vendors. If we are not able to respond to and manage the impact of such events effectively, our business will be harmed.

RECENT ACCOUNTING PRONOUNCEMENTS

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-13, *Fair Value Measurement* (Topic 820). The new guidance modifies disclosure requirements related to fair value measurement. We adopted the standard on January 1, 2020. The adoption of this standard did not have an impact on our financial statements and disclosures.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40).* The new guidance reduces complexity for the accounting for costs of implementing a cloud computing service arrangement and aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). We adopted the standard on January 1, 2020 prospectively to all implementation costs incurred after the date of adoption. The effects of this standard on our financial position, results of operations and cash flows were not material.

Standards Yet to Be Adopted

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses. ASU 2016-13 requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. As we are a smaller reporting company, ASU 2016-13 is effective for us beginning January 1, 2023. We are currently evaluating the impact, if any, the adoption will have on our financial position and results of operations.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes*. ASU 2019-12 eliminates certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. It also clarifies and simplifies other aspects of the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. We are currently evaluating the impact, if any, the adoption will have on our financial position and results of operations.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

CONTINGENCIES

Although we have been, and in the future may be, the defendant or plaintiff in various actions arising in the normal course of business, as of June 30, 2020, we were not a party to any pending legal proceedings that are material to our business.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

As of June 30, 2020 and December 31, 2019, funds held for clients invested in available-for-sale securities consisting of government and commercial bonds, including mortgage-backed securities, amounted to $27,591 and $24,136, respectively. As of June 30, 2020 and December 31, 2019, funds held for clients invested in money market funds and other cash equivalents amounted to $47,694 and $48,500, respectively. Additionally, as of June 30, 2020, we had $16,505 in money market funds, classified as cash equivalents. Cash equivalents as of December 31, 2019 were not material.

Investments classified as available-for-sale consisted of the following:

	June 30, 2020			
	Amortized Cost	Gross Unrealized Gains (1)	Gross Unrealized Losses (1)	Aggregate Estimated Fair Value
Funds Held for Clients (2)				
Certificates of deposit	$ 10,046	$ 226	$ -	$ 10,272
Corporate debt securities	8,960	289	-	9,249
Municipal bonds	6,987	83	-	7,070
US Government agency securities	500	1	-	501
Asset-backed securities	496	3	-	499
Total	$ 26,989	$ 602	$ -	$ 27,591

	December 31, 2019			
	Amortized Cost	Gross Unrealized Gains (1)	Gross Unrealized Losses (1)	Aggregate Estimated Fair Value
December 31, 2019				
Funds Held for Clients (2)				
Certificates of deposit	$ 8,828	$ 11	$ -	$ 8,839
Corporate debt securities	6,883	6	(9)	6,880
Municipal bonds	6,383	6	(7)	6,382
US Government agency securities	1,000	-	-	1,000
Asset-backed securities	1,067	-	(32)	1,035
Total	$ 24,161	$ 23	$ (48)	$ 24,136

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

(1) Unrealized gains and losses on available-for-sale securities are included as a component of comprehensive loss. As of June 30, 2020 and December 31, 2019, there were 79 and 53 securities, respectively, in an unrealized gain position and there were 0 and 18 securities, respectively, in an unrealized loss position. As of June 30, 2020, we had zero unrealized losses. As of December 31, 2019, these unrealized losses were less than $35 individually and $50 in the aggregate. These securities have not been in a continuous unrealized gain or loss position for more than 12 months. We do not intend to sell these investments and we do not expect to sell these investments before recovery of their amortized cost basis, which may be at maturity. We review our investments to identify and evaluate investments that indicate possible other-than-temporary impairment. Factors considered in determining whether a loss is other-than-temporary include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the investee, and our intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value.

(2) At June 30, 2020 and December 31, 2019, none of these securities were classified as cash and cash equivalents on the accompanying condensed consolidated balance sheets.

Expected maturities of available-for-sale securities as of June 30, 2020 are as follows:

Expected Maturities		Amount
One year or less	$	4,823
After one year through five years		22,768
After five years through 10 years		-
After 10 years		-
	$	27,591

Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value in U.S. generally accepted accounting principles and expands disclosures about fair value measurements.

ASC 820 establishes a three-tier fair value hierarchy, which is based on the reliability of the inputs used in measuring fair values. These tiers include:

Level 1: Quoted prices in active markets for *identical* assets or liabilities;

Level 2: Quoted prices in active markets for *similar* assets or liabilities; quoted prices in markets that are not active for identical or similar assets or liabilities; and model-driven valuations whose significant inputs are observable; and

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

The following table presents the fair value hierarchy for our financial assets measured at fair value on a recurring basis as of June 30, 2020 and December 31, 2019, respectively:

	June 30, 2020			
	Total Carrying Value	**Quoted Prices in Active Market (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Cash equivalents				
Money market funds	$ 16,505	$ 16,505	$ -	$ -
Funds held for clients				
Money market funds	47,694	47,694	-	-
Available-for-sale securities	27,591	-	27,591	-
Total	$ 91,790	$ 64,199	$ 27,591	$ -

	December 31, 2019			
	Total Carrying Value	**Quoted Prices in Active Market (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Funds held for clients				
Money market funds	$ 48,500	$ 48,500	$ -	$ -
Available-for-sale securities	24,136	-	24,136	-
Total	$ 72,636	$ 48,500	$ 24,136	$ -

NOTE 4 – GOODWILL AND OTHER INTANGIBLE ASSETS

As of June 30, 2020 and December 31, 2019, goodwill was $68,697, which is net of the $35,060 impairment loss recognized in the fourth quarter of 2019. The Company evaluates the recoverability of goodwill annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As of June 30, 2020, there has been no impairment of goodwill based on the quantitative assessments performed by the Company.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

The gross carrying amount and accumulated amortization of our intangible assets as of June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020			
Intangible Assets	**Weighted Average Amortization Period (in Years)**	**Gross**	**Accumulated Amortization**	**Net**
Customer relationships	8.9	$ 80,710	$ (24,252)	$ 56,458
Developed technology	6.0	10,001	(6,833)	3,168
Reseller relationships	7.0	853	(853)	-
Trade names	3.0	780	(195)	585
Noncompete agreements	5.2	1,032	(766)	266
	8.5	$ 93,376	$ (32,899)	$ 60,477

	December 31, 2019			
Intangible Assets	**Weighted Average Amortization Period (in Years)**	**Gross**	**Accumulated Amortization**	**Net**
Customer relationships	8.9	$ 78,558	$ (19,757)	$ 58,801
Developed technology	6.0	10,001	(6,004)	3,997
Reseller relationships	7.0	853	(853)	-
Trade names	3.0	780	(78)	702
Noncompete agreements	5.2	1,032	(682)	350
	8.5	$ 91,224	$ (27,374)	$ 63,850

We record amortization expenses using the straight-line method over the estimated useful lives of the intangible assets, as noted above. Amortization expenses recorded in Operating Expenses were $2,349 and $2,403, for the three months ended June 30, 2020 and 2019, respectively. Amortization expenses recorded in Cost of Sales were $397 and $360 for the three months ended June 30, 2020 and 2019, respectively.

Amortization expenses recorded in Operating Expenses were $4,698 and $4,821, for the six months ended June 30, 2020 and 2019, respectively. Amortization expenses recorded in Cost of Sales were $828 and $720 for the six months ended June 30, 2020 and 2019, respectively. There is no impairment of intangibles during the six months ended June 30, 2020 based on the qualitative assessment performed by the Company.

ASURE SOFTWARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

The following table summarizes the future estimated amortization expense relating to our intangible assets as of June 30, 2020:

Calendar Years		Amount
2020 (June to December)	$	5,374
2021		10,548
2022		10,015
2023		8,889
2024		8,662
Thereafter		16,989
	$	60,477

NOTE 5 – NOTES PAYABLE

The following table summarizes our outstanding debt as of the dates indicated:

	Maturity	Stated Interest Rate		June 30, 2020		December 31, 2019
Subordinated Notes Payable – acquisitions	1/1/2021 – 7/1/2021	2.00% - 3.00%	$	5,276	$	7,185
Term Loan – Pinnacle	4/15/2022	1.00%		8,856		-
Term Loan – Wells Fargo Syndicate Partner	12/31/2024	4.42%		19,750		20,000
Total Notes Payable			$	33,882	$	27,185
Short-term Notes Payable				15,894		2,696
Long-term Notes Payable			$	17,988	$	24,489

The following table summarizes the debt issuance costs as of the dates indicated based:

	June 30, 2020					
		Gross Notes Payable		Debt Issuance Costs and Debt Discount		Net Notes Payable
Notes payable, current portion	$	15,894	$	(199)	$	15,695
Notes payable, net of current portion		17,988		(128)		17,860
Total	$	33,882	$	(327)	$	33,555

	December 31, 2019					
		Gross Notes Payable		Debt Issuance Costs and Debt Discount		Net Notes Payable
Notes payable, current portion	$	2,696	$	(125)	$	2,571
Notes payable, net of current portion		24,489		(347)		24,142
Total	$	27,185	$	(472)	$	26,713

(Amounts in thousands, except share and per share data unless otherwise noted)

The following table summarizes the future principal payments related to our outstanding debt as of June 30, 2020:

Year Ending	Amount
2020	$ 10,813
2021	11,455
2022	2,489
2023	500
2024	8,625
Total	$ 33,882

Term Loan - Wells Fargo

In March 2014, we entered into a credit agreement (the “Credit Agreement”) with Wells Fargo, as administrative agent, and the lenders that are party thereto. The Credit Agreement contains customary events of default, including, among others, payment defaults, covenant defaults, judgment defaults, bankruptcy and insolvency events, cross defaults to certain indebtedness, incorrect representations or warranties, and change of control. In some cases, the defaults are subject to customary notice and grace period provisions. In March 2014 and in connection with the Credit Agreement, we and our wholly owned active subsidiaries entered into a Guaranty and Security Agreement with Wells Fargo Bank. Under the Guaranty and Security Agreement, we and each of our wholly owned active subsidiaries have guaranteed all obligations under the Credit Agreement and granted a security interest in substantially all of our and our subsidiaries’ assets.

In December 2019, we entered into a third amended and restated credit agreement (the “Third Restated Credit Agreement”) with Wells Fargo Bank, as agent and lender, amending and restating the terms of the Second Amended and Restated Credit Agreement dated as of March 2018. The Third Restated Credit Agreement provided for $20,000 in term loans and a $10,000 revolver. It also amended the applicable margin rates for determining the interest payable on loans and amended certain of our financial covenants, including adding a covenant based on achieving EBITDA of at least $3,750 for the three months ended March 31, 2020, $4,850 for the six months ended June 30, 2020 and $5,950 for the nine months ended September 30, 2020, which covenant was in lieu of a leverage covenant calculated at March 31, 2020, June 30, 2020 and September 30, 2020 See Note 12 - Subsequent Events for information regarding amendments that Wells Fargo Bank and we have made to the Third Restated Credit Agreement after June 30, 2020.

PPP Loan

In April 2020, Asure entered into a Promissory Note (the “PPP Note”) with Pinnacle Bank as the lender (the “Lender”), pursuant to which the Lender agreed to give us a loan under the Paycheck Protection Program (the "PPP Loan") offered by the U.S. Small Business Administration (the “SBA”) in a principal amount of $8,856 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”).

The PPP Loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves. Under the Cares Act, the PPP loan may be forgiven if certain criteria are satisfied. The amount that will be forgiven will be calculated in part with reference to the Company’s full time headcount during the twenty-four week period following the funding of the PPP Loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under the Cares Act. The PPP Loan is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health benefits, and certain rent, utility, and mortgage interest expenses (collectively, “Qualifying Expenses”), pursuant to the terms and limitations of the Cares Act. The Company intends to use a significant majority of the PPP Loan amount for Qualifying Expenses. However, no assurances is provided that the Company will obtain forgiveness of the PPP Loan in whole or in part.

The interest rate on the PPP Note is a fixed rate of 1% per annum. To the extent that the amounts owed under the PPP Loan, or a portion of them, are not forgiven, the Company will be required to make principal and interest payments in monthly installments beginning seven months from April 2020. The PPP Note matures in two years.

The PPP Note includes events of default. Upon the occurrence of an event of default, the Lender will have the right to exercise remedies against the Company, including the right to require immediate payment of all amounts due under the PPP Note.

Revolving Credit Facility

As of June 30, 2020 and December 31, 2019, no amount was outstanding and $9,500 and $10,000, respectively, was available for borrowing under the revolver.

Due to the effects of Covid-19 on our business, we were not in compliance with our minimum EBITDA financial covenant as of March 31, 2020 and June 30, 2020 and do not expect to be in compliance with the minimum EBITDA financial covenants as set forth in the Third Restated Credit Agreement in future quarters. These covenants were set in December 31, 2019, before the Covid-19 pandemic and its possible effects on our business were known to our senior lender or us. See Note 12 – Subsequent Events for information about the amendment we entered with our senior lender resetting these financial covenants and expectations regarding cash available for future business needs and our ability to comply with our financial covenants in future quarters.

NOTE 6 – STOCKHOLDERS' EQUITY

Authorized Shares

On May 28, 2020, the Company amended its Restated Certificate of Incorporation to increase the total number of authorized shares of capital stock from 23,500,000 to 45,500,000 and the number of authorized shares of common stock from 22,000,000 to 44,000,000.

Share Repurchase Program

On March 10, 2020, our Board of Directors authorized a new stock repurchase program, under which we may repurchase up to $5,000 of our outstanding common stock. This new stock repurchase program is in addition to the approximately 66,000 shares available under our existing stock repurchase plan.

Under this new stock repurchase program, we may repurchase shares in accordance with all applicable securities laws and regulations, including Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The extent to which we repurchase our shares, and the timing of such repurchases, will depend upon a variety of factors, including market conditions, regulatory requirements and other corporate considerations, as determined by our management. The repurchase program may be extended, suspended or discontinued at any time. We expect to finance the program from existing cash resources.

While the program remains in place, there have been no repurchases in 2020 and 2019.

Employee Stock Purchase Plan

Our Employee Stock Purchase Plan ("Purchase Plan") was approved by the shareholders in June 2017. The Purchase Plan allows all eligible employees to purchase a limited number of shares of our common stock during pre-specified offering periods at a discount established by the Board of Directors, not to exceed 15% of the fair market value of the common stock, at the beginning or end of the offering period (whichever is lower). Under the ESPP, 225,000 shares were originally reserved for issuance. On May 27, 2020, our shareholders increased the number of shares reserved for issuance under the Purchase Plan by an additional 250,000 shares.

Accumulated Other Comprehensive Income (Loss)

As of June 30, 2020 and December 31, 2019, accumulated other comprehensive income (loss) consisted of net unrealized gains and losses on available-for-sale securities.

ASURE SOFTWARE, INC.
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(Unaudited)

(Amounts in thousands, except share and per share data unless otherwise noted)

NOTE 7 – CONTRACTS WITH CUSTOMERS AND REVENUE CONCENTRATION

Receivables

Receivables from contracts with customers, net of allowance for doubtful accounts of $885 were $5,541 at June 30, 2020. Receivables from contracts with customers, net of allowance for doubtful accounts of $904 were $4,808 at December 31, 2019. As of June 30, 2020, one customer represented 13% of our net accounts receivable balance. No customers represented more than 10% of our net accounts receivable balance as of December 31, 2019.

Deferred Commissions

Deferred commission costs from contracts with customers were $3,148 and $2,697 at June 30, 2020 and December 31, 2019, respectively. The amount of amortization recognized for the three and six months ended June 30, 2020 was $190 and $440, respectively and for the three and six months ended June 30, 2019 was $471 and $591, respectively.

Deferred Revenue

During the three and six months ended June 30, 2020, revenue of $689 and $3,393, respectively, and the three and six months ended June 30, 2019, revenue of $631 and $2,214, respectively, was recognized from the deferred revenue balance at the beginning of each period.

Transaction Price Allocated to the Remaining Performance Obligations

As of June 30, 2020, approximately $27,272 of revenue is expected to be recognized from remaining performance obligations. We expect to recognize revenue on approximately 65% of these remaining performance obligations over the next 12 months, with the balance recognized thereafter.

Revenue Concentration

During the three and six months ended June 30, 2020 and 2019, there were no customers that individually represented 10% or more of consolidated revenue.

NOTE 8 – LEASES

We have entered into office space lease agreements, which qualify as operating leases under Topic 842. Under such leases, the lessors receive annual minimum (base) rent. The leases have original terms (excluding extension options) ranging from one to ten years. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

We record base rent expense under the straight-line method over the term of the lease. In the accompanying condensed consolidated statements of comprehensive loss, rent expense is included in operating expenses under selling, general and administrative expenses. The components of the rent expense for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Operating lease cost	$ 521	$ 563	$ 1,073	$ 1,142
Sublease income	(48)	(37)	(96)	(74)
Net rent expense	$ 473	$ 526	$ 977	$ 1,068

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(Amounts in thousands, except share and per share data unless otherwise noted)

For purposes of calculating the operating lease assets and lease liabilities, extension options are not included in the lease term unless it is reasonably certain we will exercise the option, or the lessor has the sole ability to exercise the option. The weighted average discount rate of our operating leases is 10% and 9% as of June 30, 2020 and December 31, 2019, respectively. The weighted average remaining lease term is five and six years as of June 30, 2020 and December 31, 2019, respectively.

Supplemental cash flow information related to operating leases for the six months ended June 30, 2020 and 2019 follow:

	Six Months Ended June 30,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 1,117	$ 1,164
Non-cash operating activities:		
Operating lease assets obtained in exchange for new operating lease liabilities	$ 1,052	$ 8,093

Future minimum commitments over the life of all operating leases, which exclude variable rent payments, are as follows:

Year Ending December 31	Operating Leases
2020 (remainder)	$ 1,129
2021	2,354
2022	1,837
2023	1,142
2024	1,022
Thereafter	2,630
Total minimum lease payments	10,114
Less imputed interest	(2,102)
Total lease liabilities	$ 8,012

NOTE 9 – SHARE-BASED COMPENSATION

We have one active equity plan, the 2018 Incentive Award Plan (the "2018 Plan"). The 2018 Plan, approved by our shareholders, replaced our 2009 Equity Incentive Plan, as amended (the "2009 Plan"), however, the terms and conditions of the 2009 Plan continues to govern any outstanding awards previously granted under the 2009 Plan.

The number of shares available for issuance under the 2018 Plan is equal to the sum of (i) 2,350,000 shares, and (ii) any shares subject to issued and outstanding awards under the 2009 Plan as of the effective date of the 2018 Plan that expire, are canceled or otherwise terminate following the effective date of the 2018 Plan. We have outstanding options to purchase 1,366,692 shares at a weighted average exercise price of $7.77. During the three and six months ending June 30, 2020 we issued 481,500 and 544,500 of employee stock options, respectively. The weighted average exercise price of these awards was $6.42 and $6.36 for the three and six months ended June 30, 2020, respectively, these awards will vest over a three-year period. We also had 585,050 outstanding restricted stock units as of June 30, 2020.

In December 2019, we offered to exchange certain outstanding options to purchase shares of our common stock previously granted under the 2009 Plan and the 2018 Plan that have an exercise price per share higher than the greater of $8.50 or the closing trading price of our common stock on the offer expiration date ("eligible options") for new RSUs to be granted under the 2018 Plan. The offer exchange program was approved by our board of directors and by our shareholders earlier in 2019. Under the offer exchange program, every 2.5 shares underlying an eligible option would be exchanged for one new RSU. Upon expiration of the exchange offer in January 2020, we granted 187,000 RSUs in exchange for the cancellation of options to purchase 467,500 shares that were tendered by employees who participated in the offer exchange program.

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As of June 30, 2020, we had 1,096,104 shares available for grant pursuant to the 2018 Plan.

Share based compensation for our stock option plans for the three months ended June 30, 2020 and June 30, 2019 was $588 and $392, respectively and for the six months ended June 30, 2020 and June 30, 2019 was $1,026 and $1,003, respectively. We issued 58,479 and 85,000 shares of common stock related to exercises of stock options for the three months ended June 30, 2020 and 2019, respectively. We issued 7,213 and 8,000 shares of common stock related to the issuance of vested restricted stock units for the three months ended June 30, 2020 and 2019, respectively.

NOTE 10 – DISCONTINUED OPERATIONS

In December 2019, we sold our Workspace Management business to FM:Systems for approximately $121,500 in cash, of which $1,685 is held in escrow and is included in prepaid expenses and other current assets in the condensed consolidated balance sheets as of June 30, 2020 and December 31, 2019. The purchase price is subject to a working capital adjustment. This transaction enables us to focus on and continue to deliver our HCM solutions to small and mid-size businesses.

The table below reflects the operating results of the Workspace Management business reported as discontinued operations during the three and six months ended June 30, 2019.

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Revenue	$ 7,567	$ 13,917
Income from discontinued operations	$ 1,303	$ 1,904
Income tax (benefit) expense	(28)	30
Income from discontinued operations, net of taxes	$ 1,331	$ 1,874

The table below reflects the depreciation, amortization, capital expenditures, and significant operating and investing non-cash items of the Workspace Management business reported as discontinued operations during the three and six months ended June 30, 2019:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Depreciation and amortization	$ 604	$ 1,233
Provision for doubtful accounts	8	(134)
Share based compensation	70	177
Capital expenditures	(42)	(339)
Software capitalization	(214)	(416)

NOTE 11 – NET LOSS PER SHARE

We compute net loss per share based on the weighted average number of common shares outstanding for the period. Diluted net loss per share reflects the maximum dilution that would have resulted from incremental common shares issuable upon the exercise of stock options. We compute the number of common share equivalents, which includes stock options, using the treasury stock method. We have excluded stock options and restricted stock units of approximately 1,951,000 and 1,502,000 shares for the three and six months ended June 30, 2020 and 2019, respectively, from the computation of the diluted shares because the effect of including the stock options and restricted stock units would have been anti-dilutive.

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(Amounts in thousands, except share and per share data unless otherwise noted)

The following table sets forth the computation of basic and diluted net loss per common share for the three and six months ended June 30, 2020 and June 30, 2019:

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Numerator:				
Loss from continuing operations	$ (3,944)	$ (6,298)	$ (5,711)	$ (9,735)
Income from discontinued operations	-	1,331	-	1,874
Net loss	$ (3,944)	$ (4,967)	$ (5,711)	$ (7,861)
Denominator:				
Weighted-average shares of common stock outstanding, basic and diluted	15,779,000	15,444,000	15,753,000	15,425,000
Basic and diluted income (loss) per share				
Loss per share from continuing operations	$ (0.25)	$ (0.41)	$ (0.36)	$ (0.63)
Income per share from discontinued operations	-	0.09	-	0.12
Basic and diluted loss per share	$ (0.25)	$ (0.32)	$ (0.36)	$ (0.51)

NOTE 12 – SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date of the filing of this Quarterly Report on Form 10-Q with the SEC, to ensure that this filing includes appropriate disclosure of events both recognized in the condensed consolidated financial statements as of June 30, 2020, and events which occurred subsequent to June 30, 2020 but were not recognized in the condensed consolidated financial statements.

On July 7, 2020, our senior lender identified certain events of default under our Third Restated Credit Agreement and reserved their rights to pursue their remedies under the Credit Agreement as a result of the events of default. Then, on July 10, 2020, our senior lender issued a reservation of rights letter related to these events of default. The primary event of default that triggered the reservation of rights letter was our failure to achieve Minimum EBITDA of $3,750 for the first quarter ending March 31, 2020, as required under Section 7 of the Credit Agreement, which failure was a result of impacts to our business driven primarily by COVID-19. The other events of default were technical defaults resulting from the fact that we were either unaware that our senior lender was considering the failure to achieve Minimum EBITDA an event of default as of May 11, 2020 or because we were unaware that the senior lender was still requiring that we provide certain requested documents in connection with our banking relationship. Under the reservation of rights letter, the senior lender began accruing default interest from May 11, 2020, which we would have been required to pay on July 31, 2020. Our senior lender extended the date by which we would be required to pay the accrued default interest to August 10, 2020 as we were negotiating an amendment to the Third Restated Credit Agreement.

On August 10, 2020, we entered into a waiver and amendment to our Third Restated Credit Agreement and our Amended and Restated Guaranty and Security Agreement (the “Fourth Amendment”).

As amended by the Fourth Amendment, the Third Restated Credit Agreement now provides for $10,000 in term loans and a $5,000 revolver, requiring that we make a principal payment of $9,750 on our outstanding term loans and reducing future availability on our revolver by $5,000. The Fourth Amendment also re-amortized the outstanding principal amount of the term loan, which is now payable as follows:

- $62.5 beginning on September 30, 2020 and the last day of each fiscal quarter thereafter through and including December 31, 2021; and

- $125 beginning on March 31, 2022 and the last day of each fiscal quarter thereafter.

In addition, the Fourth Amendment requires a LIBOR floor of 1.00% and sets the Applicable Margin at the highest level through September 30, 2021. The Applicable Margin is currently at 4.25%.

The outstanding principal balance and all accrued and unpaid interest on the term loans is due on December 31, 2024. The Fourth Amendment provides for an accordion feature to our term loan that would allow us to borrow up to an additional $15,000 in term loans subject to certain conditions following the Covenant Conversion Date, which is described below.

The Fourth Amendment also reset our financial covenants as follows:

- Adjusts our minimum EBITDA covenant requiring us to achieve EBITDA of at least $750 for the nine months ended September 30, 2020, instead of $5,950, and further extends this covenant to June 30, 2022 as it was previously going to sunset as of September 30, 2020.

- Adds a new financial covenant for minimum recurring revenue of $40,000 for the three quarter period ending September 30, 2020 and increasing on a quarterly basis through June 30, 2022 as further set forth in the Fourth Amendment.

- Adjusts the applicable fixed charge coverage ratio for periods after June 30, 2022 as set forth in the Fourth Amendment.

The Fourth Amendment does not require that we meet our fixed charge ratio or leverage ratio covenant until the Covenant Conversion Date. For this purpose, the Coverage Conversion Date is the earlier of August 10, 2022 or the date in which we have satisfied the fixed charge coverage ratio and leverage ratio for two consecutive reporting periods. Until such time, we are only obligated to comply with our minimum EBITDA and minimum recurring revenue covenants.

In addition to the requirement that we pay $9,750 on our outstanding term loans, we were also required to pay our senior lender an amendment fee of $225. Our senior lender waived the payment of default interest that had accrued since May 11, 2020 and stopped assessing default interest as of August 10, 2020. Our senior lender further waived any prepayment penalty that would have otherwise been due on the $9,750 payment toward our term loan and agreed that we would not owe a prepayment penalty if we were to refinance our facility before December 31, 2021. Finally, as a condition to the amendment, our senior lender required that we agree to obtain lender consent for any acquisitions until the later of August 10, 2021 or the Covenant Conversion Date. Previously certain types of acquisitions were deemed permitted acquisitions, which did not require our lender’s consent. We do not anticipate an issue with obtaining consent from our lender for accretive acquisitions.

We had sufficient cash on hand to make the required payment of $9,750 in connection with the Fourth Amendment and expect to have enough cash on hand to meet our future business needs. Further, we expect to comply with our financial covenants in future quarters under the Third Restated Credit Agreement, as amended by the Fourth Amendment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Report represent forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results of operations, levels of activity, economic performance, financial condition or achievements to be materially different from future results of operations, levels of activity, economic performance, financial condition or achievements as expressed or implied by such forward-looking statements. Asure has attempted to identify these forward-looking statements with the words "believe," "estimate," "continue," "seek," plan," "expect," "intend," "anticipate," "may," "will," "could" and other similar expressions. Although these forward-looking statements reflect management's current plans and expectations, which we believe are reasonable as of the filing date of this report, they inherently are subject to certain risks and uncertainties. These risks and uncertainties include — but are not limited to — our ability to achieve or sustain profitability; the impact of COVID-19 on the US and global economy, including business disruptions, reductions in employment and a decrease in business failures, specifically among our clients; adverse changes in the economy, financial markets, and credit markets, including a continuing high unemployment rate and the impact of low interest rates on the interest we receive on our cash, cash equivalents and investments; delays or reductions in information technology spending; the development of the market for cloud-based workplace applications; product development; market acceptance of new products and product improvements; changes in the forgiveness provisions for loans under the Paycheck Protection Program; our ability to retain or increase our customer base; security breaches; errors, disruptions or delays in our services; privacy concerns and laws; changes in our sales cycle; competition, including pricing pressures, entry of new competitors, and new technologies; intellectual property enforcement and litigation; our ability to obtain additional capital; our ability to hire, retain and motivate employees; our ability to manage our growth; our ability to realize benefits from acquisitions; limited or single sources of supply of key components; the level of our indebtedness; changes in sales may not be immediately reflected in our operating results due to our subscription model; changes in U.S and foreign laws and regulations; changes in the Internet infrastructure; disruptions in computing and communication infrastructure; and changes in accounting standards. Please refer to Part II, Item IA, "Risk Factors" of this Form 10-Q and Part I, Item IA, "Risk Factors" of our most recently filed Annual Report on Form 10-K for a further description of these and other factors. Asure is under no obligation to update any of the forward-looking statements after the date of this Form 10-Q to conform such statements to actual results.

OVERVIEW

The following review of Asure's financial position as of June 30, 2020 and December 31, 2019, and results of operations for the three and six months ended June 30, 2020 and 2019 should be read in conjunction with our 2019 Annual Report on Form 10-K filed with the Securities and Exchange Commission. Asure's internet website address is http://www.asuresoftware.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available through the investor relations page of our internet website free of charge as soon as reasonably practicable after they are electronically filed, or furnished to, the Securities and Exchange Commission. Asure's internet website and the information contained in our website or connected to our website is not incorporated into this Quarterly Report on Form 10-Q.

Asure is a leading provider of cloud-based Human Capital Management ("HCM") software and services and, until its divestiture in December 2019, Workspace Management software solutions. Asure helps small and mid-sized companies grow by helping them build better teams with skills that get them to the next level, stay compliant with ever changing federal, state, and local tax jurisdictions and labor laws, and better allocation of cash so they can spend their financial capital on growing their business rather than back-office overhead that suffocates growth. Asure's Human Capital Management suite, named AsureHCM, includes cloud-based Payroll & Tax, HR, and Time & Attendance software as well as HR Services ranging from HR projects to completely outsourcing payroll and HR staff. We also offer these products and services through our network of reseller partners.

Asure's platform vision is to help clients grow their business and become the most trusted HCM resource to entrepreneurs everywhere. The Asure product strategy is driven by three primary challenges that prevent businesses from growing: HR complexity, allocation of both human and financial capital, and the ability to build great teams. The AsureHCM suite includes four product lines: AsurePayroll&Tax, AsureHR, AsureTime&Attendance, and AsureHRServices.

For all of Asure's product lines, support and professional services are key elements of our value proposition and overall solution. In addition to state-of-the-art hosting platforms and regular software upgrades and releases, Asure gives clients easy access to our skilled support team. Our services and support representatives are knowledgeable about Asure's solutions and HR best practices as many staff have professional certifications in payroll (CPP) and human resources (PHR and SPHR).

Our sales and marketing strategy includes both direct and indirect channels to target small and mid-sized businesses (SMBs) throughout the United States. Our direct sales and marketing efforts include marketing directly to SMBs and their trusted advisors which include CPAs, banks, and benefits brokers who frequently refer their clients to HCM vendors. Our indirect model licenses our HCM software to resellers that provide value-add HCM services to their clients. These resellers include pure-play payroll providers focused on a geographic or industry niche as well as CPAs, banks, and benefits brokers that want to expand relationships with their clients directly without referring those clients outside their business.

Recent Developments

The COVID-19 outbreak has disrupted businesses on a global scale. The rapid spread has resulted in authorities around the world implementing numerous measures to contain the virus, such as business shutdowns, quarantines, shelter-in-place orders and travel bans and restrictions. The pandemic and these containment measures have had, and are expected to continue to have, a substantial negative impact on businesses, especially SMBs. We expect a COVID-19 related decrease in customer demand across all our markets to negatively and materially impact our revenues for the remainder of 2020, with the most significant impact currently expected in the second and third quarters. We implemented cost-saving initiatives in the first quarter of 2020. In April 2020, we entered into a loan under the Paycheck Protection Program (“PPP”) offered by the U.S. Small Business Administration in a principal amount of $8,856. We did not record any asset impairments or bad debt reserves related to COVID-19 during the first two quarters of 2020, but future events may require such charges. We will continue to evaluate the nature and extent of the COVID-19 outbreak’s impact on our financial condition, results of operations and cash flows.

RESULTS OF OPERATIONS
($ in thousands)

Three and Six Months Ended June 30, 2020 Compared to Three and Six Ended June 30, 2019

The following table sets forth, for the fiscal periods indicated, the percentage of total revenues represented by certain items in Asure’s Condensed Consolidated Statements of Comprehensive Loss:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2020	**2019**	**2020**	**2019**
Revenues	100%	100%	100%	100%
Gross margin	57	59	58	65
Sales and marketing	20	18	19	15
General and administrative	37	38	35	39
Research and development	10	6	8	6
Amortization of intangible assets	17	14	14	13
Total operating expenses	83	76	76	73
Interest expense and other, net	-	(18)	2	(15)
Loss from continuing operations before income taxes	(25)	(34)	(16)	(24)
Loss from continuing operations	(28)	(36)	(17)	(26)

Revenue

Our revenue was derived from the following sources:

	Three Months Ended June 30, 2020	2019	Increase (Decrease)	%
Recurring	$ 13,733	$ 16,624	$ (2,891)	(17.4)
Professional services, hardware and other	382	650	(268)	(41.2)
Total	$ 14,115	$ 17,274	$ (3,159)	(18.3)

	Six Months Ended June 30, 2020	2019	Increase (Decrease)	%
Recurring	$ 32,168	$ 36,415	$ (4,247)	(11.7)
Professional services, hardware and other	893	1,269	(376)	(29.6)
Total	$ 33,061	$ 37,684	$ (4,623)	(12.3)

Total revenue represents our consolidated revenues, including sales of our payroll and tax services, time and attendance and human resource software, as well as complementary hardware devices to enhance our software products. Recurring revenue consists of cloud revenue, hardware as a service, maintenance and support revenue and interest earned on client funds. Professional services, hardware and other revenue consists of hardware revenue, on-premise software license revenue as well as installation services and other professional services revenue. Revenue mix varies by product.

Revenue for the three months ended June 30, 2020 was $14,115, a decrease of $3,159, or 18.3%, from $17,274 for the three months ended June 30, 2019, which excludes revenue from discontinued operations. Recurring revenue decreased primarily due to the impact of COVID, the loss of one major client and lower interest rates.

Revenue for the six months ended June 30, 2020 was $33,061, a decrease of $4,623, or 12.3%, from $37,684 for the six months ended June 30, 2019, which excludes revenue from discontinued operations. Recurring revenue decreased primarily due to the impact of COVID, the loss of one major client, and lower interest rates.

Although our total customer base is widely spread across industries, our HCM sales are concentrated in small to mid-size businesses. We continue to target small and medium-sized businesses across industries as prospective customers. Geographically, we sell our HCM products primarily in the United States.

In addition to continuing to develop our workforce solutions and release of new software updates and enhancements, we continue to actively explore other opportunities to acquire additional products or technologies to complement our current software and services.

Gross Profit and Gross Margin

Consolidated gross profit for the three months ended June 30, 2020 was $8,107, a decrease of $2,108 or 20.6%, from $10,215 for the three months ended June 30, 2019. Gross margin as a percentage of revenue was 57.4% for the three months ended June 30, 2020 as compared to 59.1% for the three months ended June 30, 2019. Our decline in gross margin is primarily attributable to lower sales volumes, a growing investment in HCM service resources and personnel, a migration to secure cloud hosting services and an increase in the amortization of capitalized software costs.

Consolidated gross profit for the six months ended June 30, 2020 was $19,213, a decrease of $5,158 or 21.2%, from $24,371 for the six months ended June 30, 2019. Gross margin as a percentage of revenue was 58.1% for the six months ended June 30, 2020 as compared to 64.7% for the six months ended June 30, 2019. Our decline in gross margin is attributable to lower sales volumes, a growing investment in HCM service resources and personnel, increased amortization of capitalized software costs as well as migration to secure cloud hosting services.

Sales and Marketing Expenses

Sales and marketing expenses primarily consist of salaries and related expenses, including stock-based expenses, for sales and marketing staff, including commissions, as well as marketing programs, which include events, corporate communications and product marketing activities.

Selling and marketing expenses for the three months ended June 30, 2020 were $2,769, a decrease of $289 from $3,058 for the three months ended June 30, 2019. The decline in sales and marketing is primarily attributable to reduced travel expenses as a result of travel restrictions due to the COVID-19 virus. Sales and marketing expenses as a percentage of revenue increased to 19.6% for the three months ended June 30, 2020 from 17.7% for the same period in 2019 primarily due to lower sales volumes.

Selling and marketing expenses for the six months ended June 30, 2020 were $6,344, an increase of $581 from $5,763 for the six months ended June 30, 2019, primarily due to increased personnel costs as we focus on hiring direct sales personnel, We continue to expand and increase selling costs as we focus on hiring direct sales personnel, expanding recognition of our brand, and lead generation. Selling and marketing expenses as a percentage of revenue increased to 19.2% for the six months ended June 30, 2020 from 15.3% for the same period in 2019.

We continue to expand and increase selling costs as we focus on hiring direct sales personnel, expanding recognition of our brand, and lead generation.

General and Administrative Expenses

General and administrative expenses primarily consist of salaries and related expenses, including stock-based expenses for finance and accounting, legal, internal audit, human resources and management information systems personnel, legal costs, professional fees, and other corporate expenses such as transaction costs for acquisitions.

General and administrative expenses for the three months ended June 30, 2020 were $5,193, a decrease of $1,425 from $6,618 for the three months ended June 30, 2019, primarily attributable to reduced personnel costs and reduced rent expenses associated with closures of certain facilities we had acquired due to acquisition. General and administrative expenses as a percentage of revenue decreased to 36.8% for the three months ended June 30, 2020 from 38.3% for the same period in 2019.

General and administrative expenses for the six months ended June 30, 2020 were $11,646, a decrease of $3,161 from $14,807 for the six months ended June 30, 2019. The decline in general and administrative expenses is primarily attributable to a reduction in professional fees that were incurred in the six months ended June 30, 2019, as well as reduced rent expenses associated with closures of certain facilities, we had acquired due to acquisition. General and administrative expenses as a percentage of revenue decreased to 35.2% for the six months ended June 30, 2020 from 39.3% for the same period in 2019.

We continue to drive efficiencies within our payroll operations and execute vendor rationalization with the sale of the Workspace Management business in the fourth quarter of 2019.

Research and Development Expenses

Research and development (“R&D”) expenses consist primarily of salaries and related expenses, including stock-based expenses for employees supporting our R&D activities.

R&D expenses for the three months ended June 30, 2020 were $1,377, an increase of $408, or 42.1%, from $969 for the three months ended June 30, 2019. The increase in R&D expense is primarily attributable to increased personnel costs as well as COVID-19 related initiatives in order to comply with the CARES Act legislation. R&D expenses as a percentage of revenues increased to 9.8% for the three months ended June 30, 2020 from 5.6% for the same period in 2019.

R&D expenses for the six months ended June 30, 2020 were $2,551, an increase of $261, or 11.4%, from $2,290 for the six months ended June 30, 2019. The increase in R&D expense is primarily attributable to COVID-19 related initiatives in order to comply with the CARES Act. R&D expenses as a percentage of revenues increased to 7.7% for the six months ended June 30, 2020 from 6.1% for the same period in 2019.

We will continue to enhance our products and technologies through expansion of our technological resources by increasing headcount and development partnership, as well as through organic improvements and acquired intellectual property. We will continue to expand the breadth of integration between our solutions, allowing direct clients and resellers the ability to easily add and implement components across our entire solution set. We believe that our expanded investment in product, engineering, SaaS hosting, mobile and hardware technologies lays the groundwork for broader market opportunities and represents a key aspect of our competitive differentiation. Native mobile applications, QR Code integration, expanded web service integration and other technologies are all part of our initiatives.

Our development efforts for future releases and enhancements are driven by feedback received from our existing and potential customers and by gauging market trends. We believe we have the appropriate development team to design and enhance our solution suite and integrated platform. We have also made significant investments outside of core R&D dollars into compliance and certifications, including SOC I Type 2 and SOC II Type 2 certifications, GDPR, CCPA, and other initiatives.

In the second quarter of 2020, we launched the new Simple Payroll Entry cloud solution for providing clients self-service payroll entry capabilities, with a modern user experience appropriate for small companies. For Asure HR, we developed a new product tier for Advanced HR called Essential HR. Asure Time & Attendance launched our next major release 12.4. Mid-Market HCM released the Asure Mobile app in the Google and Apple stores. The app provides employees quick access to key payroll and benefit information.

Amortization of Intangible Assets

Amortization expense for the three months ended June 30, 2020 of $2,349 was consistent with amortization expense of $2,403 for the three months ended June 30, 2019. Amortization expense as a percentage of revenue was 16.6% and 13.9% for the three months ended June 30, 2020 and 2019, respectively.

Amortization expense for the six months ended June 30, 2020 of $4,698 was consistent with amortization expense of $4,821 for the six months ended June 30, 2019. Amortization expense as a percentage of revenue was 14.2% and 12.8% for the six months ended June 30, 2020 and 2019, respectively.

Interest Expense and Other, net

Interest expense and other, net for the three months ended June 30, 2020 was a gain of $14 compared to a loss of $3,069 for the three months ended June 30, 2019. Interest expense and other as a percentage of revenue was at 0.1% and (17.8%) for the three months ended June 30, 2020 and June 30, 2019, respectively. Interest expense and other for the three months ended June 30, 2020 is composed of income from the transition services agreement with FM:Systems in relation to the sale of the Workspace business in 2019, offset by interest expense on notes payable. Interest expense and other for the three months ended June 30, 2019 is composed primarily of interest expense on notes payable.

Interest expense and other, net for the six months ended June 30, 2020 was a gain of $710 compared to a loss of $5,783 for the six months ended June 30, 2019. Interest expense and other as a percentage of revenue was at 2.1% and (15.3%) for the six months ended June 30, 2020 and June 30, 2019, respectively. Interest expense and other for the six months ended June 30, 2020 is composed of income from the transition services agreement with FM:Systems in relation to the sale of the Workspace business in 2019, offset by interest expense on notes payable. Interest expense and other for the six months ended June 30, 2019 is composed primarily of interest expense on notes payable.

Income Taxes

For the three months ended June 30, 2020 and 2019, we recorded an income tax expense attributable to continuing operations of $377 and $396, respectively, a decrease of $19, or 4.8%. For the six months ended June 30, 2020 and 2019, we recorded an income tax expense attributable to continuing operations of $395 and $642, respectively, a decrease of $247, or 38.4%, primarily attributable to a reduction in our deferred tax liabilities.

Loss From Continuing Operations

We incurred a loss from continuing operations of $3,944, or $0.25 per share, during the three months ended June 30, 2020, compared to a loss from continuing operations of $6,298, or $0.41 per share, during the three months ended June 30, 2019. Loss from continuing operations as a percentage of total revenues was 27.9% and 36.5% for the three months ended June 30, 2020 and 2019, respectively.

We incurred a loss from continuing operations of $5,711, or $0.36 per share, during the six months ended June 30, 2020, compared to a loss from continuing operations of $9,735, or $0.63 per share, during the six months ended June 30, 2019. Loss from continuing operations as a percentage of total revenues was 17.3% and 25.8% for the six months ended June 30, 2020 and 2019, respectively.

We intend to continue to implement our corporate strategy for growing our software and services business by modestly investing in areas that directly generate revenue and positive cash flows for the Company. However, uncertainties and challenges remain, including the effects of COVID-19, and there can be no assurance that we can successfully grow our revenues or achieve profitability during the remainder of fiscal year 2020.

LIQUIDITY AND CAPITAL RESOURCES (Amounts in thousands)

	June 30, 2020	December 31, 2019
Working capital	$ 10,513	$ 17,854
Cash and cash equivalents	29,259	28,826

	Six Months Ended June 30,	
	2020	2019
Net cash provided by (used in) operating activities	$ (4,131)	$ 2,842
Net cash provided by investing activities	29,891	21,396
Net cash used in financing activities	(25,327)	(25,042)

Working Capital. We had working capital of $10,513 at June 30, 2020, a decrease of $7,341 from working capital of $17,854 at December 31, 2019. Working capital as of June 30, 2020 and December 31, 2019 includes $3,766 and $5,500 of short-term deferred revenue, respectively. Deferred revenue is an obligation to perform future services. We expect that deferred revenue will convert to future revenue as we perform our services, but this does not represent future payments. Deferred revenue can vary based on seasonality, expiration of initial multi-year contracts and deals that are billed after implementation rather than in advance of service delivery. The decrease in working capital is primarily due to a $9,750 reclassification of outstanding principal on our credit facility from current to short term.

Operating Activities. Net cash used in operating activities of $4,131 for the six months ended June 30, 2020 was primarily driven by a net loss of $5,711. Non-cash adjustments to our net loss by approximately $881 due to a reduction in the amortization of our deferred financing costs and adjustments made to our allowance for doubtful accounts. Changes in operating assets and liabilities resulted in an increased use of cash of $8,242.

Investing Activities. Net cash provided by investing activities of $29,891 for the six months ended June 30, 2020 is primarily due to the net change in funds held for clients. Net cash provided by investing activities of $21,396 for the six months ended June 30, 2019 is primarily due to the net change in funds held for clients offset by the acquisition of Payroll Maxx in the first quarter of 2019.

Financing Activities. Net cash used in financing activities was $25,327 for the six months ended June 30, 2020, which primarily consisted of a net decrease in client fund obligations of $32,370 and payments of notes payable of $2,359 offset by proceeds of notes payable of $8,856. Net cash used in financing activities was $25,042 for the six months ended June 30, 2019. We incurred $8,000 of indebtedness, resulting in a source of cash. This was offset by debt financing fees of $1,102 and the net change in client fund obligations of $32,238.

Sources of Liquidity. As of June 30, 2020, Asure's principal sources of liquidity consisted of approximately $29,259 of cash and cash equivalents, cash generated from operations of our business over the next twelve months, and $9,500 available for borrowing under our Wells Fargo revolver. Our cash and cash equivalents is offset by $33,882 in notes payable. Accordingly, after reviewing the terms of the Third Restated Credit Agreement and in light of the impact of COVID-19 on our business and the related need to support our operations, we entered into a loan with Pinnacle Bank under the Paycheck Protection Program (the "PPP Loan") offered by the U.S. Small Business Administration amounting to $8,856 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act (the "Cares Act"). The PPP Loan proceeds are available to be used to pay for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves. . Under the Cares Act, the PPP loan may be forgiven if certain criteria are satisfied. The amount that will be forgiven will be calculated in part with reference to the Company's full time headcount during the twenty-four week period following the funding of the PPP Loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under the Cares Act. The PPP Loan is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health benefits, and certain rent, utility, and mortgage interest expenses (collectively, "Qualifying Expenses"), pursuant to the terms and limitations of the Cares Act. The Company intends to use a significant majority of the PPP Loan amount for Qualifying Expenses. However, we make no assurances that we will obtain forgiveness of the PPP Loan in whole or in part.

Due to the effects of Covid-19 on our business, we were not in compliance with our minimum EBITDA financial covenant as of March 31, 2020 and June 30, 2020 and do not expect to be in compliance with the minimum EBITDA financial covenants as set forth in the Third Restated Credit Agreement in future quarters. These covenants were set in December 31, 2019, before the Covid-19 pandemic and its possible effects on our business were known to our senior lender or us.

On August 10, 2020, we entered into a waiver and amendment to our Third Restated Credit Agreement and our Amended and Restated Guaranty and Security Agreement (the "Fourth Amendment").

As amended by the Fourth Amendment, the Third Restated Credit Agreement reduced our facility from $30,000 to $15,000, consisting of $10,000 in term loans and a $5,000 revolver. As a result, we were required to make a principal payment of $9,750 on our outstanding term loans. The Fourth Amendment provides for an accordion feature to our term loan that would allow us to borrow up to an additional $15,000 in term loans subject to certain conditions following the Covenant Conversion Date, which is described below.

The Fourth Amendment also reset our financial covenants and added a new financial covenant for minimum recurring revenue.

The Fourth Amendment does not require that we meet our fixed charge ratio or leverage ratio covenant until the Covenant Conversion Date. For this purpose, the Coverage Conversion Date is the earlier of August 10, 2022 or the date in which we have satisfied the fixed charge coverage ratio and leverage ratio for two consecutive reporting periods. Until such time, we are only obligated to comply with our minimum EBITDA and minimum recurring revenue covenants.

In addition to the requirement that we pay $9,750 on our outstanding term loans, we were also required to pay our senior lender an amendment fee of $225. Our senior lender waived the payment of default interest that had accrued since May 11, 2020 and stopped assessing default interest as of August 10, 2020. Our senior lender further waived any prepayment penalty that would have otherwise been due on the $9,750 payment toward our term loan and agreed that we would not owe a prepayment penalty if we were to refinance our facility before December 31, 2021. Finally, as a condition to the amendment, our senior lender required that we agree to obtain lender consent for any acquisitions until the later of August 10, 2021 or the Covenant Conversion Date. Previously certain types of acquisitions were deemed permitted acquisitions, which did not require our lender's consent. We do not anticipate an issue with obtaining consent from our lender for accretive acquisitions.

We had sufficient cash on hand to make the required payment of $9,750 in connection with the Fourth Amendment and expect to have enough cash on hand to meet our future business needs. Further, we expect to comply with our financial covenants in future quarters under the Third Restated Credit Agreement, as amended by the Fourth Amendment.

OFF-BALANCE SHEET ARRANGEMENTS

As of June 30, 2020, we did not have any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission.

COMMITMENTS AND CONTINGENCIES

None.

CRITICAL ACCOUNTING POLICIES

Information regarding recent accounting pronouncements is provided in Note 2, *Significant Accounting Policies*, to the Condensed Consolidated Financial Statements. Such information is incorporated by reference herein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our exposure from market risks from those disclosed in our 2019 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Control and Procedures

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for us. Based on an evaluation under the supervision and with the participation of our management, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act were not effective as of June 30, 2020 to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. During the fourth quarter of 2019, management reported a material weakness in the Company's internal control over financial reporting.

Change in Internal Controls over Financial Reporting

Except for the remediation efforts on the material weakness noted above, during the period ended June 30, 2020, there were no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Although we have been, and in the future may be, the defendant or plaintiff in various actions arising in the normal course of business, as of June 30, 2020, we were not party to any pending legal proceedings that are material to our business.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K, filed with the Securities Exchange Commission on March 16, 2020 (the "Form 10-K"), and investors are encouraged to review such risk factors prior to making an investment in the Company.

The effects of the COVID-19 pandemic have materially affected how we and our customers are operating our businesses, and the duration and extent to which this will impact our future results of operations and overall financial performance remains uncertain.

In December 2019, a novel coronavirus disease ("COVID-19") was reported and in January 2020, the World Health Organization ("WHO") declared it a Public Health Emergency of International Concern. On February 28, 2020, the WHO raised its assessment of the COVID-19 threat from high to very high at a global level due to the continued increase in the number of cases and affected countries, and on March 11, 2020, the WHO characterized COVID-19 as a pandemic. A significant outbreak of epidemic, pandemic, or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the broader economies, financial markets and overall demand environment for our products.

As a result of the COVID-19 pandemic, we have temporarily closed our offices and several other impacted locations and implemented certain travel restrictions, both of which have begun to disrupt how we operate our business. We have shifted certain of our customer events to virtual-only experiences and we may deem it advisable to similarly alter, postpone or cancel entirely additional customer, employee or industry events in the future. Moreover, the conditions caused by the COVID-19 pandemic can affect the rate of IT spending and could adversely affect our customers' ability or willingness to attend our events or to purchase our offerings, delay prospective customers' purchasing decisions, adversely impact our ability to provide on-site consulting services to our customers, delay the provisioning of our offerings, lengthen payment terms, reduce the value or duration of their subscription contracts, or affect attrition rates, all of which could adversely affect our future sales, operating results and overall financial performance.

Our operations have also begun to be negatively affected by a range of external factors related to the COVID-19 pandemic that are not within our control. For example, many cities, counties, states, and even countries have imposed or may impose a wide range of restrictions on our employees, partners and customers physical movement to limit the spread of COVID-19. If the COVID-19 pandemic has a substantial impact on our employees, partners or customers attendance or productivity, our results of operations and overall financial performance may be harmed.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of containment actions and the impact of these and other factors on our employees, customers, partners and vendors. If we are not able to respond to and manage the impact of such events effectively, our business will be harmed and the effects of the COVID-19 pandemic could cause or contribute to the risks and uncertainties set forth in the Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

On July 7, 2020, our senior lender identified certain events of default under our Third Amended and Restated Credit Agreement by and among Wells Fargo Bank, National Association as Administrative Agent, the lenders that are party thereto and us, dated December 31, 2019 (the “Credit Agreement”) and reserved their rights to pursue their remedies under the Credit Agreement as a result of the events of default. Then, on July 10, 2020, our senior lender issued a reservation of rights letter related to these events of default. The primary event of default that triggered the reservation of rights letter is our failure to achieve Minimum EBITDA of $3,750,000 for the first quarter ending March 31, 2020, as required under Section 7 of the Credit Agreement, which failure was a result of impacts to our business driven primarily by COVID-19. The other events of default were technical defaults resulting from the fact that we were either unaware that our senior lender was considering the failure to achieve Minimum EBITDA an event of default as of May 11, 2020 or because we were unaware that the senior lender was still requiring that we provide certain requested documents in connection with our banking relationship. Under the reservation of rights letter, the senior lender is accruing default interest from May 11, 2020, which we would have been required to pay on August 10, 2020. On August 10, 2020 we executed a waiver and amendment to the Credit Agreement, which is described in more detail under “Sources of Liquidity.” The amendment reset our financial covenants and waived the default in exchange for the payment of $9,750 in principal owed on our term loan and the payment of an amendment fee of $225 to our senior lender. Our senior lender also waived payment of a prepayment penalty.

ITEM 5. OTHER INFORMATION

Kelyn Brannon resigned her position as chief financial officer and secretary, with her last day being August 10, 2020. Effective August 11, 2020, James (Jay) A. Powers was appointed as the Company’s chief financial officer and secretary. Ms. Brannon will be available through December 31, 2020 to assist Mr. Powers with the transition of her duties and responsibilities.

Mr. Powers, age 58, has over 25 years of increasing levels of financial and accounting leadership experience, with over seven years as chief financial officer. Since June 2019, Mr. Powers has been employed as the chief financial officer of Roadwire, Inc. Prior to that, he owned his own business, Powering Financial Performance LLC, serving in interim chief financial officer roles for a number of businesses. He has also served as chief financial officer for Active Power, Inc, now known as P10 Holdings, Inc from May 2013 to December 2018. During the last two years, there have been no transactions or proposed transactions by the Company in which Mr. Powers has had or is to have a direct or indirect material interest, and there are no family relationships between Mr. Powers and any of the Company’s other executive officers or directors.

We have agreed to pay Mr. Powers an initial annual base salary of $260,000 for his services, which will be increased to $315,000 when the Company determines to reinstate its executive officers’ full salaries, which were reduced as a cost savings measure in connection with the Covid-19 pandemic. In addition, in 2020, Mr. Powers will be eligible for a cash bonus based on the Company’s profitability and other determining factors. The target amount of his cash bonus is 50% of his annual base salary, which will be pro-rated from his start date of August 10, 2020. We also granted Mr. Powers 10,000 restricted stock units (RSUs) and options to purchase 75,000 shares of our common stock at an exercise price equal to the closing price of our common stock on August 10, 2020, the date of the grant. Such RSUs will vest as follows: 1/3 on the first anniversary date of the grant date and the remaining 2/3rds will vest over the following 2 year period in substantially equal quarterly installments. Such options will vest as follows: 1/3 on the first anniversary of the grant date and the remaining 2/3rds will vest over the following 2 year period in substantially equal monthly installments. The RSUs and options will be granted under, and be subject to the terms of, our 2018 Incentive Award Plan. In addition, we have agreed that if we terminate Mr. Powers for any reason other than gross misconduct, he will receive severance pay equal to three (3) months’ of his then current base salary, plus the employer’s portion of the health care premium for continuation coverage under COBRA, also for a period of three months, provided that he has executed a general release of claims.

Mr. Powers is expected to enter into our standard form of indemnification agreement and to be a participant in our Executive Change in Control Severance Plan. The form of indemnification agreement and our Executive Change in Control Severance Plan have been filed as Exhibits 10.1 and 10.2 to our Current Report on Form 8-K filed with the Securities and Exchange Commission on December 21, 2017, and are incorporated herein in their entirety by reference.

In connection with her resignation and the transition of her duties and responsibilities to Mr. Powers, the Company has offered Ms. Brannon severance to include: (a) $131,968.36 of severance pay, and (b) the acceleration of the vesting of 30,011 stock options and 22,499 restricted stock units granted to Ms. Brannon during her employment with the Company. The Company’s offer of severance is subject to customary conditions, including the execution of a general release of claims. Pursuant to applicable law, Ms. Brannon has a period of twenty-one days to review our offer of severance.

Dollars reflected in this Item 5 are actual dollars, not thousands.

ITEM 6. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	Certificate of Amendment to Certificate of Incorporation, incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K/A filed on June 2, 2020.
10.1	Amendment No. 2 To Third Amended and Restated Credit Agreement, dated April 24, 2020, by and among Asure Software, Inc., the Guarantors party thereto, Wells Fargo Bank, National Association as administrative agent for each member of the Lender Group and the Bank Product Providers identified on the signature pages thereto, incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2020.
10.2*	Amendment No. 3 To Third Amended and Restated Credit Agreement, dated June 30, 2020, by and among Asure Software, Inc., the Guarantors party thereto, Wells Fargo Bank, National Association as administrative agent for each member of the Lender Group and the Bank Product Providers identified on the signature pages thereto.
10.3*	Waiver and Amendment No. 4 to Third Amended and Restated Credit Agreement and Amendment No. 2 to the Amended and Restated Guaranty and Security Agreement, dated August 10, 2020, by and among Asure Software, Inc., the Guarantors party thereto, Wells Fargo Bank, National Association as administrative agent for each member of the Lender Group and the Bank Product Providers identified on the signature pages thereto.
10.4	Promissory Note dated April 15, 2020, incorporated by reference to the Company's Current Report on Form 8-K filed on April 21, 2020.
10.5**	2018 Incentive Award Plan, as amended, incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14 A filed on April 27, 2020.
10.6**	Employee Stock Purchase Plan, as amended, incorporated by reference to the Company's Definitive Proxy Statement on Schedule 14 A filed on April 27, 2020.
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following materials from Asure Software, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in iXBRL (Inline Extensible Business Reporting Language): (1) the Condensed Consolidated Balance Sheets, (2) the Condensed Consolidated Statements of Comprehensive Loss, (3) the Condensed Consolidated Statements of Changes in Stockholders' Equity, (4) the Condensed Consolidated Statements of Cash Flows, and (5) Notes to Condensed Consolidated Financial Statements.
104*	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted as Inline XBRL and contained in Exhibit 101.

* Filed herewith

** Compensatory plan or arrangement

SIGNATURES

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

ASURE SOFTWARE, INC.

August 10, 2020	By:	/s/ Patrick Goepel Patrick Goepel Chief Executive Officer
August 10, 2020	By:	/s/ Kelyn Brannon Kelyn Brannon Chief Financial Officer

EXHIBIT 10.2

WAIVER AND AMENDMENT NO. 3 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS WAIVER AND AMENDMENT No. 3 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated June 30, 2020, is made and entered into by and among **ASURE SOFTWARE, INC.**, a Delaware corporation ("Borrower"), the Guarantors party hereto, **WELLS FARGO BANK, NATIONAL ASSOCIATION** a national banking association, as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent") and the Lenders party hereto.

RECITALS

WHEREAS, Borrower, the lenders party thereto as "Lenders" and Agent have entered into that certain Third Amended and Restated Credit Agreement dated as of December 31, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement;

WHEREAS, Borrower and Agent entered into that certain Amendment No. 1 to Third Amended and Restated Credit Agreement dated as of February 21, 2020 (the "First Amendment").

WHEREAS, Agent has informed Borrower that Events of Default have occurred under the Credit Agreement under (a) Section 8.7 of the Credit Agreement due to the untruth of the representations and warranties under Section 4.22 of the Credit Agreement made pursuant to Section 5.01 of the First Amendment (the "Privacy Representation Default"), (b) Section 8.2(c) of the Credit Agreement due to a breach of Section 5.17 of the Credit Agreement (the "Privacy Covenant Default") and (c) Section 8.2(c) of the Credit Agreement due to a breach of Section 2.4(b)(i) of the Credit Agreement (the "L/C Usage Default" and collectively with the Privacy Representation Default and the Privacy Covenant Default, the "Existing Defaults"), in each case due to an Information Security Incident occurring in January 2020, which was identified by Borrower to Agent prior to the date hereof;

WHEREAS, Borrower disputes that the Existing Defaults exist;

WHEREAS, due to the existence of the Existing Defaults, the closing conditions to the First Amendment were not satisfied and the First Amendment is not effective; and

WHEREAS, without acknowledging that the Existing Defaults exist, Borrower has requested that Agent and Required Lenders waive the Existing Defaults, confirm that the First Amendment is effective and amend the Credit Agreement in certain respects, and Agent and the Required Lenders are willing to do so, in each case subject to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE I
<u>WAIVER TO THE CREDIT AGREEMENT AND EFFECTIVENESS OF FIRST AMENDMENT</u>

1.01 Notwithstanding anything to the contrary in the Credit Agreement or elsewhere in the Loan Documents, subject to the satisfaction of the conditions set forth herein, and in reliance on the representations and warranties set forth herein, the Required Lenders hereby waive the Existing Defaults.

1.02 Notwithstanding anything to the contrary in the Credit Agreement, the terms of the First Amendment or elsewhere in the Loan Documents, subject to the satisfaction of the conditions set forth herein, and in reliance on the representations and warranties set forth herein, the parties hereto agree that the First Amendment is effective as of February 21, 2020.

ARTICLE II
<u>AMENDMENTS TO THE CREDIT AGREEMENT</u>

2.01 Notwithstanding anything to the contrary in the Credit Agreement or elsewhere in the Loan Documents, subject to the satisfaction of the conditions set forth herein, and in reliance on the representations and warranties set forth herein, the Credit Agreement is hereby amended as follows:

(a) Schedule 1 to the Credit Agreement is hereby amended by inserting the following defined term therein in appropriate alphabetical order:

"<u>Third Amendment Closing Date</u>" means June 30, 2020.

(b) Section 5.6 of the Credit Agreement is hereby amended and restated in its entirety as follows:

> 5.6 <u>Insurance</u>. Borrower will, and will cause each of its Subsidiaries to, at Borrower's expense, maintain insurance respecting each of Borrower's and its Subsidiaries' assets wherever located, covering liabilities, losses or damages as are customarily are insured against by other Persons engaged in same or similar businesses and similarly situated and located, including cyber security insurance. All such policies of insurance shall be with financially sound and reputable insurance companies acceptable to Agent (it being agreed that, as of the Closing Date, Pacific Indemnity Company and Federal Insurance Company are acceptable to Agent) and in such amounts as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located and, in any event, in amount, adequacy, and scope reasonably satisfactory to Agent (it being agreed that the amount, adequacy, and scope of the policies of insurance of Borrower in effect as of the Third Amendment Closing Date are acceptable to Agent). All property insurance policies covering the Collateral and all cyber

security insurance are to be made payable to Agent for the benefit of Agent and the Lenders, as their interests may appear, in case of loss, pursuant to a standard loss payable endorsement with a standard non-contributory "lender" or "secured party" clause and are to contain such other provisions as Agent may reasonably require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to Agent, with the loss payable (but only in respect of Collateral) and additional insured endorsements in favor of Agent and shall provide for not less than 30 days (10 days in the case of non-payment) prior written notice to Agent of the exercise of any right of cancellation. Borrower shall give Agent prompt notice of any loss exceeding $100,000 covered by its or its Subsidiaries' casualty, business interruption or cyber security insurance. Upon the occurrence and during the continuance of an Event of Default, Agent shall have the sole right to file claims under any property, cyber security and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies. If any Loan Party or its Subsidiaries fails to maintain such insurance, Agent may arrange for such insurance, but at Borrower's expense and without any responsibility on Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims.

(c) Section 5.17 of the Credit Agreement is hereby amended and restated in its entirety as follows:

5.17 Information Security Requirements; Personal Information; Money Transmitter Laws. Each Loan Party shall and shall cause its Subsidiaries to comply in all material respects with all Privacy Laws currently in effect and as they become effective relating in any way to Personal Information or IT Assets (without limiting the foregoing, each Loan Party agrees that failure to comply with any Privacy Law two or more times during any 12 calendar month period shall be deemed to be a breach of this sentence). Each Loan Party and its Subsidiaries will maintain and comply with a comprehensive written information security program that contains administrative, organizational, technical, and physical safeguards and is designed to (i) secure and protect the IT Assets consistent with industry best practices; (ii) ensure the security, confidentiality, integrity and availability of Personal Information and IT Assets; (iii) protect against any anticipated threats or hazards to the security, confidentiality, integrity and availability of Personal Information and IT Assets; and (iv) protect against any Information Security Incident. Each Loan Party shall and shall cause its Subsidiaries to comply in all material respects with all money transmitter laws currently in effect and as they become effective. Each Loan Party and its Subsidiaries will notify Administrative Agent and Lenders promptly (and in any event within 5 Business Days) upon the occurrence of any of the following): (i) an Information Security Incident; (ii) any action, investigation, litigation or claim made against any Loan Party or its Subsidiaries related to information security or privacy; (iii) any action or investigation commenced, or any claim made, by any Person (including any Governmental Authority) with respect to any Information Security Incident; or (iv) any action or investigation commenced, or any claim made, by any Person (including any Governmental Authority) with respect to money transmitter laws.

(d) Section 8.2(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(a) fails to perform or observe any covenant or other agreement contained in any of (i) Sections 3.6, 5.1, 5.2, 5.3 (solely if Borrower is not in good standing in its jurisdiction of organization), 5.6, 5.7 (solely if Borrower refuses to allow Agent or its representatives or agents to visit Borrower's properties, inspect its assets or books or records, examine and make copies of its books and records, or discuss Borrower's affairs, finances, and accounts with officers and employees of Borrower), 5.10, 5.11, 5.13, 5.14, 5.17 or 5.18 of this Agreement, (ii) Section 6 of this Agreement, (iii) Section 7 of this Agreement, or (iv) Section 7 of the Guaranty and Security Agreement.

(e) Schedule 4.22 of the Credit Agreement is hereby amended and restated as attached on Exhibit A hereto.

2.02 This Amendment is a limited waiver and amendment and other than as set forth above in Article I and Article II hereof, nothing contained in this Amendment shall be construed as a consent or amendment to or waiver by Agent or any Lender of any covenant or provision of the Credit Agreement, the First Amendment, the other Loan Documents, this Amendment, or of any other contract or instrument between any Loan Party and Agent or any Lender, and the failure of Agent or any Lender at any time or times hereafter to require strict performance by the Loan Parties of any provision thereof shall not waive, affect or diminish any right of Agent to thereafter demand strict compliance therewith. Agent and each Lender hereby reserves all rights granted under the Credit Agreement, the First Amendment, the other Loan Documents, this Amendment and any other contract or instrument between any Loan Party and Agent or any Lender.

ARTICLE III
CONDITIONS PRECEDENT

This Amendment shall become effective only upon the satisfaction in full, in a manner satisfactory to Agent and Required Lenders, of the following conditions precedent (the first date upon which all such conditions have been satisfied being herein called the "Effective Date"):

(a) Agent and each Lender party hereto shall have received a copy of this Amendment executed and delivered by Agent, Required Lenders and Borrower;

(b) All corporate and other proceedings, and all documents instruments and other legal matters in connection with the transactions contemplated by each of this Amendment shall be satisfactory in form and substance to Agent and its counsel.

(c) After giving effect to this Amendment, the representations and warranties made by Borrower contained herein and by each Loan Party in the Credit Agreement and the other Loan Documents, shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date hereof, as if those representations and warranties were made for the first time on such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date);

(d) After giving effect to this Amendment, each Loan Party is in compliance with all applicable covenants and agreements contained in the Credit Agreement and the other Loan Documents; and

(e) After giving effect to this Amendment, no Default or Event of Default shall exist under any of the Loan Documents, and no Default or Event of Default will result under any of the Loan Documents from the execution, delivery or performance of this Amendment.

ARTICLE IV
RATIFICATIONS, REPRESENTATIONS AND WARRANTIES

4.01 **Ratifications**. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and the other Loan Documents, and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Borrower and the other Loan Parties hereby agree that all liens and security interest securing payment of the Obligations under the Credit Agreement are hereby collectively renewed, ratified and brought forward as security for the payment and performance of the Obligations. Borrower and the other Loan Parties, and Agent, on behalf of itself and the Lenders, agree that the Credit Agreement and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms, and that this Amendment shall not constitute a novation.

4.02 **Representations and Warranties**. Borrower and each Guarantor each hereby represents and warrants, jointly and severally, to Agent and the Lender Group as of the date hereof as follows: (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (b) the execution, delivery and performance by it of this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith are within its powers, have been duly authorized, and do not contravene (i) its Governing Documents or (ii) any applicable law; (c) no consent, license, permit, approval or authorization of, or registration, filing or declaration with any governmental body or other Person, is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment, the Credit Agreement or any of the other Loan Documents executed and/or delivered in connection herewith by or against it, except for those consents, approvals or authorizations which (i) will have been duly obtained, made or compiled prior to the Effective Date and which are in full force and effect or (ii) the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Effect; (d) this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith have been duly executed and delivered by it; (e) this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith constitute its legal, valid and binding obligation enforceable against it in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity; (f) after giving effect to this Amendment, no Default or Event of Default exists, has occurred and is continuing or would result by the execution, delivery or performance of this Amendment; (g) each Loan Party is in compliance with all applicable covenants and agreements contained in the Credit Agreement and the other Loan Documents, as consented to, amended or expressly waived herein; and (h) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified in the text thereof) on and as of the date hereof as though made on and as of each such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and complete on and as of such earlier date).

ARTICLE V
MISCELLANEOUS PROVISIONS

5.01 **Survival of Representations and Warranties**. All representations and warranties made in the Credit Agreement or the other Loan Documents, including, without limitation, any document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by Agent shall affect the representations and warranties or the right of Agent to rely upon them.

5.02 **Expenses of Agent and the Lender Group**. The Borrower agrees to pay on demand all Lender Group Expenses incurred by Agent and any Lender in connection with this Amendment any and all amendments, modifications, and supplements to the other Loan Documents, including, without limitation, the reasonable costs and fees of legal counsel, and all costs and expenses incurred by Agent in connection with the enforcement or preservation of any rights under the Credit Agreement or any other Loan Documents, including, without, limitation, the costs and fees of Agent's and Required Lenders' legal counsel.

5.03 **Severability**. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

5.04 **Successors and Assigns**. This Amendment is binding upon and shall inure to the benefit of Agent and each Loan Party and their respective successors and assigns, except that no Loan Party may assign or transfer any of its respective rights or obligations hereunder without the prior written consent of Agent and each Lender.

5.05 **Counterparts**. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. Receipt by telecopy or electronic mail of any executed signature page to this Amendment shall constitute effective delivery of such signature page. This Amendment to the extent signed and delivered by means of a facsimile machine or other electronic transmission including email transmission of a PDF image), shall be treated in all manner and respects and for all purposes as an original agreement or amendment and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto shall raise the use of a facsimile machine or other electronic transmission to deliver a signature or the fact that any signature or agreement or amendment was transmitted or communicated through the use of a facsimile machine or other electronic transmission as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

5.06 **Effect of Amendment**. No consent or amendment, express or implied, by Agent to or for any breach of or deviation from any covenant or condition by any Loan Party shall be deemed a consent to or waiver or amendment of any other breach of the same or any other covenant, condition or duty.

5.07 **Headings**. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

5.08 **Applicable Law**. THE VALIDITY OF THIS AMENDMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO, AND ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

5.09 **Final Agreement**. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, EACH AS MODIFIED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AMENDMENT IS EXECUTED. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS MODIFIED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AGREEMENT OF ANY PROVISION OF THIS AMENDMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY THE BORROWER AND AGENT.

5.10 **Release**. AS A MATERIAL PART OF THE CONSIDERATION FOR AGENT AND LENDERS ENTERING INTO THIS AMENDMENT, ON THE DATE HEREOF EACH LOAN PARTY, ON BEHALF OF ITSELF AND ITS SUCCESSORS (INCLUDING, WITHOUT LIMITATION, ANY TRUSTEES ACTING ON BEHALF OF SUCH LOAN PARTY AND ANY

DEBTOR-IN-POSSESSION WITH RESPECT TO SUCH LOAN PARTY), ASSIGNS, SUBSIDIARIES AND AFFILIATES HEREBY RELEASES AND FOREVER DISCHARGES AGENT AND EACH LENDER AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS, AFFILIATES, SUBSIDIARIES, PARENTS, SUCCESSORS AND ASSIGNS FROM ANY AND ALL LIABILITIES, OBLIGATIONS, ACTIONS, CONTRACTS, CLAIMS, CAUSES OF ACTION, DAMAGES, DEMANDS, COSTS AND EXPENSES WHATSOEVER, OF EVERY KIND AND NATURE, HOWEVER EVIDENCED OR CREATED, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE EFFECTIVE DATE INVOLVING THE EXTENSION OF CREDIT UNDER OR ADMINISTRATION OF THE CREDIT AGREEMENT OR ANY OTHER LOAN DOCUMENTS OR COLLATERAL, THE OBLIGATIONS INCURRED BY BORROWERS OR ANY OTHER TRANSACTIONS EVIDENCED BY THE CREDIT AGREEMENT OR THE LOAN DOCUMENTS.

5.11 **Consent of Guarantors**. The Borrower and each Guarantor, hereby (a) consent to the transactions contemplated by this Amendment and (b) agree that the Credit Agreement and the other Loan Documents (as amended, restated, supplemented or otherwise modified from time to time) are and shall remain in full force and effect. Although each Guarantor has been informed of the matters set forth herein and has acknowledged and agreed to the same, each understands that neither the Agent nor any Lender has any obligation to inform it of such matters in the future or to seek its acknowledgment or agreement to future amendments, and nothing herein shall create such a duty. Borrower and each Guarantor, acknowledges that its Guaranty is in full force and effect and ratifies the same, acknowledges that the undersigned has no defense, counterclaim, set-off or any other claim to diminish the undersigned's liability under such document.

[Remainder of page intentionally left blank; signature pages follow]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the date first above written.

ASURE SOFTWARE, INC.,
a Delaware corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

MANGROVE EMPLOYER SERVICES, INC.,
a Florida corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ASURE PAYROLL SERVICES, INC., f/k/a
MANGROVE PAYROLL SERVICES, INC.,
a Florida corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

MANGROVE SOFTWARE, INC.,
a Florida corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ASURE CONSULTING, INC. f/k/a PERSONNEL MANAGEMENT SYSTEMS, INC.,
a Washington corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

COMPASS HRM, INC.,
a Florida corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ISYSTEMS INTERMEDIATE HOLDCO, INC.,
a Delaware corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ISYSTEMS LLC,
a Vermont limited liability company

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

EVOLUTION PAYROLL PROCESSING LLC,
a Delaware limited liability company

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ASSOCIATED DATA SERVICES, INC.,
an Alabama corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

TELEPAYROLL, INC.,
a California corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

SAVERS ADMINISTRATIVE SERVICES, INC.,
a North Carolina corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

USA PAYROLLS INC.,
a New York corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

PAYROLL MAXX LLC,
a Colorado limited liability company

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

PAY SYSTEMS OF AMERICA, INC.,
a Tennessee corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent and as a Lender

By: /s/ Tram Foster
Name: Tram Foster
Title: Authorized Signatory

EXHIBIT 10.3

WAIVER AND AMENDMENT NO. 4 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT AND AMENDMENT NO. 2 TO THE AMENDED AND RESTATED GUARANTY AND SECURITY AGREEMENT

THIS WAIVER AND AMENDMENT NO. 4 TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT AND AMENDMENT NO. 2 TO THE AMENDED AND RESTATED GUARANTY AND SECURITY AGREEMENT (this "Amendment"), dated August 10, 2020, is made and entered into by and among **ASURE SOFTWARE, INC.**, a Delaware corporation ("Borrower"), the Guarantors party hereto, **WELLS FARGO BANK, NATIONAL ASSOCIATION** a national banking association, as administrative agent for each member of the Lender Group and the Bank Product Providers (in such capacity, together with its successors and assigns in such capacity, "Agent") and the Lenders party hereto.

RECITALS

WHEREAS, Borrower, the lenders party thereto as "Lenders" and Agent have entered into that certain Third Amended and Restated Credit Agreement dated as of December 31, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement;

WHEREAS, Agent has informed Borrower that Events of Default have occurred or will occur under the Credit Agreement, in each case as further set forth on Exhibit A hereto (the "Existing and Anticipated Defaults"); and

WHEREAS, Borrower has requested that Agent and Required Lenders waive the Existing and Anticipated Defaults and amend each of the Credit Agreement and the Guaranty and Security Agreement in certain respects, and Agent and the Required Lenders are willing to do so, in each case subject to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE I
WAIVER TO THE CREDIT AGREEMENT

Notwithstanding anything to the contrary in the Credit Agreement or elsewhere in the Loan Documents, subject to the satisfaction of the conditions set forth herein, and in reliance on the representations and warranties set forth herein, the Required Lenders hereby waive the Existing and Anticipated Defaults. In connection with the foregoing, (a) each Lender hereby waives Borrower’s obligation to pay default interest accruing from May 11, 2020 through and including the date hereof and (b) Agent and each Lender hereby waive the Applicable Partial Prepayment Premium (as defined in the Fee Letter) that is otherwise due and payable on the date hereof in respect of the partial Term Loan prepayment under Section 3(b) of this Amendment.

Agent further confirms that due to the waiver of the Existing and Anticipated Defaults pursuant to this Article I, after the date hereof, the Agent and the Lenders shall no longer charge default interest pursuant to Section 2.6(c) of the Credit Agreement on the outstanding Obligations. Nothing in this Amendment changes any of the reporting deadlines set forth on Schedule 5.1.

ARTICLE II
AMENDMENTS TO THE CREDIT AGREEMENT
AND
THE GUARANTY AND SECURITY AGREEMENT

2.01 Notwithstanding anything to the contrary in the Credit Agreement or elsewhere in the Loan Documents, subject to the satisfaction of the conditions set forth herein, and in reliance on the representations and warranties set forth herein, the Credit Agreement is hereby amended as follows:

(a) Section 2.2 of the Credit Agreement is hereby amended by amending and restating the table of Installment Amounts and corresponding payment dates set forth in such section in its entirety as follows:

Date	Installment Amount
September 30, 2020 and the last day of each fiscal quarter thereafter through and including December 31, 2021	$62,500.00
March 31, 2022 and the last day of each fiscal quarter thereafter	$125,000.00

(b) Section 2 of the Credit Agreement is hereby amended by adding the following Section 2.14 to the end of such section as follows:

2.14. Incremental Facilities.

(a) At any time during the period from and after the Covenant Conversion Date, at the option of Borrower (but subject to the conditions set forth in clause (b) below), the Term Loan may be increased by an amount in the aggregate for all such increases of the Term Loan not to exceed the Available Increase Amount (each such increase, an "Increase"). Agent shall invite each Lender to increase its Pro Rata Share of the Term Loan (it being understood that no Lender shall be obligated to increase its Pro Rata Share of the Term Loan) in connection with a proposed Increase at the interest margin proposed by Borrower, and if sufficient Lenders do not agree to increase their Pro Rata Share of the Term Loan in connection with such proposed Increase, then Agent or Borrower may invite any prospective lender who is reasonably satisfactory to Agent and Borrower to become a Lender in connection with a proposed Increase. Any Increase shall be in an amount of at least $3,000,000 and integral multiples of $1,000,000 in excess thereof. In no event may the Term

Loan be increased pursuant to this Section 2.14 on more than two (2) occasions in the aggregate for all such Increases. Additionally, for the avoidance of doubt, it is understood and agreed that in no event shall the aggregate amount of Increases to the Term Loan exceed $15,000,000.

(b) Each of the following shall be conditions precedent to any Increase of the Term Loan and the making of the additional portion of the Term Loan (each, an "Additional Portion of the Term Loan" and collectively, the "Additional Portions of the Term Loan") in connection therewith:

(i) Agent or Borrower have obtained the commitment of one or more Lenders (or other prospective lenders) reasonably satisfactory to Agent and Borrower to provide the applicable Increase and any such Lenders (or prospective lenders), Borrower, and Agent have signed a joinder agreement to this Agreement (an "Increase Joinder"), in form and substance reasonably satisfactory to Agent, to which such Lenders (or prospective lenders), Borrower, and Agent are party,

(ii) each of the conditions precedent set forth in Section 3.2 are satisfied,

(iii) in connection with any Increase, if any Loan Party or any of its Subsidiaries owns or will acquire any Margin Stock, Borrower shall deliver to Agent an updated Form U-1 (with sufficient additional originals thereof for each Lender), duly executed and delivered by the Borrower, together with such other documentation as Agent shall reasonably request, in order to enable Agent and the Lenders to comply with any of the requirements under Regulations T, U or X of the Federal Reserve Board,

(iv) Borrower has delivered to Agent updated pro forma Projections (after giving effect to the applicable Increase) for the Loan Parties and their Subsidiaries evidencing (A) that on a pro forma basis after giving effect to the applicable Increase, the Leverage Ratio of the Loan Parties and their Subsidiaries as of the end of the month most recently ended as to which financial statements were required to be delivered pursuant to this Agreement was at least 0.25 less than the maximum Leverage Ratio permitted pursuant to Section 7(d) for such fiscal quarter, and (B) compliance on a pro forma basis with Section 7 for the twelve months (on a quarter-by-quarter basis) immediately following the proposed date of the applicable Increase, and

(v) Borrowers shall have reached agreement with the Lenders (or prospective lenders) making the Additional Portion of the Term Loan with respect to the interest margins applicable to the Additional Portion of the Term Loan (which interest margins may be higher than or equal to the interest margins applicable to the Term Loan set forth in this Agreement immediately prior to the date of the making of such Additional Portion of the Term Loan, as applicable (the date of the effectiveness of the making of such Additional Portion of the Term Loan, as applicable, the "Increase Date")) and shall have communicated the amount of such interest margins to Agent. Any Increase Joinder may, with the consent of Agent, Borrowers and the Lenders or prospective lenders agreeing to the proposed Increase, effect such amendments to this Agreement and the other Loan Documents as may be necessary to effectuate the provisions of this Section 2.14 (including any amendment necessary to effectuate the interest margins for the Additional Portion of the Term Loan). Anything to the contrary contained herein notwithstanding, if the all-in yield (including interest margins, interest floors, and any original issue discount or similar yield-related discounts or payments, but excluding any arrangement, underwriting, or similar fees payable in connection therewith that are not paid to all Lenders providing the Additional Portion of the Term Loan) that is to be applicable to the Additional Portion of the Term Loan is higher than the all-in yield (including interest margins, interest floors, and any original issue discount or similar yield-related discounts or payments, but excluding any arrangement, underwriting, or similar fees payable in connection therewith that are not paid to all Lenders providing the Increase the Additional Portion of the Term Loan) applicable to the Term Loan hereunder immediately prior to the applicable Increase Date (the amount by which all-in yield is higher, the "Excess"), then the interest margin applicable to the Term Loan immediately prior to the Increase Date shall be increased by the amount of the Excess effective on the applicable Increase Date, and without the necessity of any action by any party hereto.

(c) Anything to the contrary contained herein notwithstanding, each Additional Portion of the Term Loan shall be repaid in installments on the following dates and in the following amounts (it being understood and agreed that only such installment payments arising after such Additional Portion of the Term Loan is made shall be required to be paid, but such installment payments shall be in addition to the payments required to be paid pursuant to Section 2.2):

Date	**Installment Amount**
The last day of each fiscal quarter ended after the first Increase Date and on or prior to December 31, 2021	0.625% of the aggregate principal amount of Increases to the Term Loan made as of such date
The last day of each fiscal quarter ended after the first Increase Date and after December 31, 2021	1.25% of the aggregate principal amount of Increases to the Term Loan made as of such date

The outstanding unpaid principal balance and all accrued and unpaid interest on such Additional Portion of the Term Loan shall be due and payable on the earlier of (i) the Maturity Date, and (ii) the date of the acceleration of the Term Loan in accordance with the terms hereof.

(d) Unless otherwise specifically provided herein, all references in this Agreement and any other Loan Document to the Term Loan shall be deemed, unless the context otherwise requires, to include any Additional Portion of the Term Loan made pursuant to Increases to the Term Loan pursuant to this Section 2.14.

(e) The Term Loan and Increases to the Term Loan established pursuant to this Section 2.14 shall constitute the Term Loan under, and shall be entitled to all the benefits afforded by this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from any guarantees and the security interests created by the Loan Documents. Borrower shall take any actions reasonably required by Agent to ensure and demonstrate that the Liens and security interests granted by the Loan Documents continue to be perfected under the Code or otherwise after giving effect to the establishment of any such new Increases to the Term Loan.

(c) Section 7 of the Credit Agreement is hereby amended and restated in its entirety as follows:

7. FINANCIAL COVENANTS.

Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, Borrower will:

(a) Minimum EBITDA. Prior to the Covenant Conversion Date, Achieve EBITDA, measured on a quarter-end basis, of at least the required amount set forth in the following table for the applicable period set forth opposite thereto:

Minimum EBITDA	**Applicable Period**
$750,000	For the three quarter period ending September 30, 2020
$1,000,000	For the four quarter period ending December 31, 2020
$500,000	For the four quarter period ending March 31, 2021
$0	For the four quarter period ending June 30, 2021
$500,000	For the four quarter period ending September 30, 2021

$1,500,000	For the four quarter period ending December 31, 2021
$3,000,000	For the four quarter period ending March 31, 2022
$4,000,000	For the four quarter period ending June 30, 2022

(b) Minimum Recurring Revenue. Prior to the Covenant Conversion Date, achieve Recurring Revenue, measured on a quarter-end basis, of at least the required amount set forth in the following table for the applicable period set forth opposite thereto:

Applicable Amount	**Applicable Period**
$40,000,000	For the three quarter period ending September 30, 2020
$49,500,000	For the four quarter period ending December 31, 2020
$52,000,000	For the four quarter period ending March 31, 2021
$55,000,000	For the four quarter period ending June 30, 2021
$58,000,000	For the four quarter period ending September 30, 2021
$62,000,000	For the four quarter period ending December 31, 2021
$65,500,000	For the four quarter period ending March 31, 2022
$68,000,000	For the four quarter period ending June 30, 2022

(c) Fixed Charge Coverage Ratio. On and after the Covenant Conversion Date, have a Fixed Charge Coverage Ratio, measured on a quarter-end basis, of not less than the applicable ratio set forth in the following table for the applicable period set forth opposite thereto:

Applicable Ratio	**Applicable Period**
1.00:1.00	For the one quarter period ending March 31, 2020
1.00:1.00	For the two quarter period ending June 30, 2020
1.00:1.00	For the three quarter period ending September 30, 2020
1.00:1.00	For the four quarter period ending December 31, 2020
1.00:1.00	For the four quarter period ending March 31, 2021
1.00:1.00	For the four quarter period ending June 30, 2021
1.00:1.00	For the four quarter period ending September 30, 2021
1.00:1.00	For the four quarter period ending December 31, 2021
1.50:1.00	For the four quarter period ending March 31, 2022
1.60:1.00	For the four quarter period ending June 30, 2022
0.87:1.00	For the four quarter period ending September 30, 2022
1.00:1.00	For the four quarter period ending December 31, 2022
2.00:1.00	For the four quarter period ending March 31, 2023 and each quarter-end thereafter

(d) Leverage Ratio. On and after the Covenant Conversion Date, have a Leverage Ratio, measured on a quarter-end basis, of not greater than the applicable ratio set forth in the following table for the applicable date set forth opposite thereto:

Applicable Ratio	**Applicable Date(s)**
3.50:1.00	December 31, 2020
3.25:1.00	March 31, 2021
3.25:1.00	June 30, 2021
2.50:1.00	September 30, 2021 and each quarter-end thereafter

(d) Exhibit C-1 (Form of Compliance Certificate) to the Credit Agreement is hereby amended and restated in its entirety in the form of the Exhibit C-1 attached hereto.

(e) Schedule C-1 (Commitments) to the Credit Agreement is hereby amended and restated in its entirety in the form of the Schedule C-1 attached hereto.

(f) Schedule 1.1 to the Credit Agreement is hereby amended by inserting the following defined term therein in appropriate alphabetical order:

"Additional Portion of the Term Loan" has the meaning specified therefor in Section 2.14 of the Agreement.

"Available Increase Amount" means, as of any date of determination, an amount equal to the result of (a) $15,000,000, *minus* (b) the aggregate principal amount of Increases to the Term Loan previously made pursuant to Section 2.14 of this Agreement.

"Covenant Conversion Date" means the earlier to occur of either (i) the first date after the Fourth Amendment Closing Date on which Borrower has delivered the second of two Compliance Certificates in accordance with Section 5.1 demonstrating compliance with the financial covenants set forth in Sections 7(c) and 7(d) for the applicable measurement period, for two (2) consecutive Fiscal Quarters and (ii) August 10, 2022.

"Fourth Amendment Closing Date" means August 10, 2020.

"Increase" has the meaning specified therefor in Section 2.14 of the Agreement.

"Increase Joinder" has the meaning specified therefor in Section 2.14 of the Agreement.

"Permitted Acquisition Trigger Date" means the date that is the later to occur of (x) the date that the Borrower has delivered the second of two consecutive Compliance Certificates, each in accordance with Section 5.1 and each demonstrating compliance with the financial covenants set forth in Sections 7(c) and 7(d) for the applicable measurement period, for the two most recent consecutive Fiscal Quarters and (y) August 10, 2021.

"Recurring Revenue" means all recurring software as a service, recurring hardware as a service, interests on client funds, and cloud (all as determined by Borrower's accountants and satisfactory to Agent) subscription revenue and maintenance support revenue attributable to Borrower or any of its Subsidiaries earned during such period, calculated on a basis consistent with the financial statements delivered to Agent prior to the Closing Date.

(g) Schedule 1.1 to the Credit Agreement is hereby amended by amending the defined term "Applicable Margin" by deleting the reference to "December 31, 2020" therein and inserting "September 30, 2021" in lieu thereof.

(h) Schedule 1.1 to the Credit Agreement is hereby amended by amending and restating the definition of "LIBOR Rate" therein as follows:

"LIBOR Rate" means the greater of (a) 1.00% *per annum* and (b) the rate *per annum* as published by ICE Benchmark Administration Limited (or any successor page or other commercially available source as the Agent may designate from time to time) as of 11:00 a.m., London time, two Business Days prior to the commencement of the requested Interest Period, for a term, and in an amount, comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrower in accordance with this Agreement (and, if any such published rate is below zero, then the LIBOR Rate shall be deemed to be zero). Each determination of the LIBOR Rate shall be made by the Agent and shall be conclusive in the absence of manifest error.

(i) Schedule 1.1 to the Credit Agreement is hereby amended by amending the defined term "Maximum Revolver Amount" by deleting the reference to "$10,000,000" therein and inserting $5,000,000 in lieu thereof.

(j) Schedule 1.1 to the Credit Agreement is hereby amended by deleting the defined term "Minor Acquisition."

(k) Schedule 1.1 to the Credit Agreement is hereby amended by amending the defined term "Permitted Acquisitions" by:

(i) deleting the reference to "means any Acquisition" therein and inserting "means any Acquisition after the Permitted Acquisition Trigger Date" in lieu thereof;

(ii) amending and restating clause (c) thereof as follows:

(c) Borrower has provided Agent with written confirmation, supported by reasonably detailed calculations, that on a pro forma basis (including pro forma adjustments arising out of events which are directly attributable to such proposed Acquisition, are factually supportable, and are expected to have a continuing impact, in each case, determined as if the combination had been accomplished at the beginning of the relevant period; such eliminations and inclusions to be acceptable to Agent) created by adding the historical combined financial statements of Borrower (including the combined financial statements of any other Person or assets that were the subject of a prior Permitted Acquisition during the relevant period) to the historical consolidated financial statements of the Person to be acquired (or the historical financial statements related to the assets to be acquired) pursuant to the proposed Acquisition, Borrower and its Subsidiaries (i) would have been in compliance with the financial covenants in Section 7 of the Agreement for the 4 fiscal quarter period ended immediately prior to the proposed date of consummation of such proposed Acquisition, and (ii) are projected to be in compliance with the financial covenants in Section 7 of the Agreement for the 4 fiscal quarter period ended one year after the proposed date of consummation of such proposed Acquisition, provided that for the purposes of calculating compliance with clause (i) and clause (ii) of this clause (c), to the extent the Leverage Ratio as set forth in Section 7(d) of this Agreement is greater than 3.00:1.00 for any period, the Leverage Ratio for such period shall be deemed to be 3.00:1.00,

(iii) deleting the reference to "other than with respect to a Minor Acquisition," in clause (d) thereof; and

(iv) deleting the reference to "(or 5 Business Days with respect to a Minor Acquisition)" in clause (g) thereof.

(l) Schedule 5.1 to the Credit Agreement is hereby amended by deleting each reference to "a Compliance Certificate along with the underlying calculations, including the calculations to arrive at EBITDA to the extent applicable" and inserting " a Compliance Certificate along with the underlying calculations (including of the financial covenants set forth in Sections 7(c) and 7(d) whether or not tested), including the calculations to arrive at EBITDA to the extent applicable" in lieu thereof.

2.02 Notwithstanding anything to the contrary in the Credit Agreement or elsewhere in the Loan Documents, subject to the satisfaction of the conditions set forth herein, and in reliance on the representations and warranties set forth herein, Section 7(k)(iv) of the Guaranty and Security Agreement is hereby amended by adding "(or such later date as agreed to by Agent in its sole discretion)" to the end of the last sentence of such section.

2.03 This Amendment is a limited waiver and amendment and other than as set forth above in Article I and Article II hereof, nothing contained in this Amendment shall be construed as a consent or amendment to or waiver by Agent or any Lender of any covenant or provision of the Credit Agreement, the other Loan Documents, this Amendment, or of any other contract or instrument between any Loan Party and Agent or any Lender, and the failure of Agent or any Lender at any time or times hereafter to require strict performance by the Loan Parties of any provision thereof shall not waive, affect or diminish any right of Agent to thereafter demand strict compliance therewith. Agent and each Lender hereby reserves all rights granted under the Credit Agreement, the other Loan Documents, this Amendment and any other contract or instrument between any Loan Party and Agent or any Lender.

ARTICLE III
CONDITIONS PRECEDENT

This Amendment shall become effective only upon the satisfaction in full, in a manner satisfactory to Agent and Required Lenders, of the following conditions precedent (the first date upon which all such conditions have been satisfied being herein called the "Effective Date"):

(a) Agent and each Lender party hereto shall have received a copy of this Amendment executed and delivered by Agent, Required Lenders and Borrower;

(b) Borrower shall have repaid the Term Loans in an amount not less than $9,750,000;

(c) Agent shall have received the "Amendment Fee" (as defined below);

(d) All corporate and other proceedings, and all documents instruments and other legal matters in connection with the transactions contemplated by each of this Amendment shall be satisfactory in form and substance to Agent and its counsel;

(e) After giving effect to this Amendment, the representations and warranties made by Borrower contained herein and by each Loan Party in the Credit Agreement and the other Loan Documents, shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of the date hereof, as if those representations and warranties were made for the first time on such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date);

(f) After giving effect to this Amendment, each Loan Party is in compliance with all applicable covenants and agreements contained in the Credit Agreement and the other Loan Documents;

(g) After giving effect to this Amendment, no Default or Event of Default shall exist under any of the Loan Documents, and no Default or Event of Default will result under any of the Loan Documents from the execution, delivery or performance of this Amendment.

ARTICLE IV
RATIFICATIONS, REPRESENTATIONS AND WARRANTIES

4.01 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and the other Loan Documents, and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Borrower and the other Loan Parties hereby agree that all liens and security interest securing payment of the Obligations under the Credit Agreement are hereby collectively renewed, ratified and brought forward as security for the payment and performance of the Obligations. Borrower and the other Loan Parties, and Agent, on behalf of itself and the Lenders, agree that the Credit Agreement and the other Loan Documents shall continue to be legal, valid, binding and enforceable in accordance with their respective terms, and that this Amendment shall not constitute a novation.

4.02 Representations and Warranties. Borrower and each Guarantor each hereby represents and warrants, jointly and severally, to Agent and the Lender Group as of the date hereof as follows: (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (b) the execution, delivery and performance by it of this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith are within its powers, have been duly authorized, and do not contravene (i) its Governing Documents or (ii) any applicable law; (c) no consent, license, permit, approval or authorization of, or registration, filing or declaration with any governmental body or other Person, is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment, the Credit Agreement or any of the other Loan Documents executed and/or delivered in connection herewith by or against it, except for those consents, approvals or authorizations which (i) will have been duly obtained, made or compiled prior to the Effective Date and which are in full force and effect or (ii) the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Effect; (d) this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith have been duly executed and delivered by it; (e) this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith constitute its legal, valid and binding obligation enforceable against it in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity; (f) after giving effect to this Amendment, no Default or Event of Default exists, has occurred and is continuing or would result by the execution, delivery or performance of this Amendment; (g) each Loan Party is in compliance with all applicable covenants and agreements contained in the Credit Agreement and the other Loan Documents, as consented to, amended or expressly waived herein; and (h) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified in the text thereof) on and as of the date hereof as though made on and as of each such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and complete on and as of such earlier date).

ARTICLE V
MISCELLANEOUS PROVISIONS

5.01 **Amendment Fee.** Borrowers shall pay to Agent a non-refundable amendment fee equal to $225,000 (the "Amendment Fee") which shall be fully earned and payable on the date hereof.

5.02 **Agreements re the Applicable Partial Prepayment Premium.** The parties hereto agree that if a Prepayment (as such term is defined in the Fee Letter) occurs on or prior to December 31, 2020; the Agent and the Lenders hereby waive any Applicable Prepayment Premium due and owing on the date of a Prepayment pursuant to the terms of the Fee Letter and Section 2.4(d) of the Credit Agreement for the outstanding balance of the Term Loan as of such date.

5.03 **Survival of Representations and Warranties**. All representations and warranties made in the Credit Agreement or the other Loan Documents, including, without limitation, any document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by Agent shall affect the representations and warranties or the right of Agent to rely upon them.

5.04 **Expenses of Agent and the Lender Group**. The Borrower agrees to pay on demand all Lender Group Expenses incurred by Agent and any Lender in connection with this Amendment any and all amendments, modifications, and supplements to the other Loan Documents, including, without limitation, the reasonable costs and fees of legal counsel, and all costs and expenses incurred by Agent in connection with the enforcement or preservation of any rights under the Credit Agreement or any other Loan Documents, including, without, limitation, the costs and fees of Agent's and Required Lenders' legal counsel.

5.05 **Severability**. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

5.06 **Successors and Assigns**. This Amendment is binding upon and shall inure to the benefit of Agent and each Loan Party and their respective successors and assigns, except that no Loan Party may assign or transfer any of its respective rights or obligations hereunder without the prior written consent of Agent and each Lender.

5.07 **Counterparts**. This Amendment may be executed in any number of counterparts and by the different parties hereto on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment. Receipt by telecopy or electronic mail of any executed signature page to this Amendment shall constitute effective delivery of such signature page. This Amendment to the extent signed and delivered by means of a facsimile machine or other electronic transmission including email transmission of a PDF image), shall be treated in all manner and respects and for all purposes as an original agreement or amendment and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto shall raise the use of a facsimile machine or other electronic transmission to deliver a signature or the fact that any signature or agreement or amendment was transmitted or communicated through the use of a facsimile machine or other electronic transmission as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

5.08 **Effect of Amendment**. No consent or amendment, express or implied, by Agent to or for any breach of or deviation from any covenant or condition by any Loan Party shall be deemed a consent to or waiver or amendment of any other breach of the same or any other covenant, condition or duty.

5.09 **Headings**. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

5.10 **Applicable Law**. THE VALIDITY OF THIS AMENDMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO, AND ANY CLAIMS, CONTROVERSIES OR DISPUTES ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

5.11 **Final Agreement**. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, EACH AS MODIFIED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AMENDMENT IS EXECUTED. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS MODIFIED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AGREEMENT OF ANY PROVISION OF THIS AMENDMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY THE BORROWER AND AGENT.

5.12 **Release**. AS A MATERIAL PART OF THE CONSIDERATION FOR AGENT AND LENDERS ENTERING INTO THIS AMENDMENT, ON THE DATE HEREOF EACH LOAN PARTY, ON BEHALF OF ITSELF AND ITS SUCCESSORS (INCLUDING, WITHOUT LIMITATION, ANY TRUSTEES ACTING ON BEHALF OF SUCH LOAN PARTY AND ANY DEBTOR-IN-POSSESSION WITH RESPECT TO SUCH LOAN PARTY), ASSIGNS, SUBSIDIARIES AND AFFILIATES HEREBY RELEASES AND FOREVER DISCHARGES AGENT AND EACH LENDER AND THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS, AFFILIATES, SUBSIDIARIES, PARENTS, SUCCESSORS AND ASSIGNS FROM ANY AND ALL LIABILITIES, OBLIGATIONS, ACTIONS, CONTRACTS, CLAIMS, CAUSES OF ACTION, DAMAGES, DEMANDS, COSTS AND EXPENSES WHATSOEVER, OF EVERY KIND AND NATURE, HOWEVER EVIDENCED OR CREATED, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE EFFECTIVE DATE INVOLVING THE EXTENSION OF CREDIT UNDER OR ADMINISTRATION OF THE CREDIT AGREEMENT OR ANY OTHER LOAN

DOCUMENTS OR COLLATERAL, THE OBLIGATIONS INCURRED BY BORROWERS OR ANY OTHER TRANSACTIONS EVIDENCED BY THE CREDIT AGREEMENT OR THE LOAN DOCUMENTS.

5.13 **Consent of Guarantors**. The Borrower and each Guarantor, hereby (a) consent to the transactions contemplated by this Amendment and (b) agree that the Credit Agreement and the other Loan Documents (as amended, restated, supplemented or otherwise modified from time to time) are and shall remain in full force and effect. Although each Guarantor has been informed of the matters set forth herein and has acknowledged and agreed to the same, each understands that neither the Agent nor any Lender has any obligation to inform it of such matters in the future or to seek its acknowledgment or agreement to future amendments, and nothing herein shall create such a duty. Borrower and each Guarantor, acknowledges that its Guaranty is in full force and effect and ratifies the same, acknowledges that the undersigned has no defense, counterclaim, set-off or any other claim to diminish the undersigned's liability under such document.

[*Remainder of page intentionally left blank; signature pages follow*]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the date first above written.

ASURE SOFTWARE, INC.,
a Delaware corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

MANGROVE EMPLOYER SERVICES, INC.,
a Florida corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ASURE PAYROLL SERVICES, INC., **f/k/a MANGROVE PAYROLL SERVICES, INC.,**
a Florida corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

MANGROVE SOFTWARE, INC.,
a Florida corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ASURE CONSULTING, INC. f/k/a PERSONNEL MANAGEMENT SYSTEMS, INC.,
a Washington corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

COMPASS HRM, INC.,
a Florida corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ISYSTEMS INTERMEDIATE HOLDCO, INC.,
a Delaware corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ISYSTEMS LLC,
a Vermont limited liability company

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

EVOLUTION PAYROLL PROCESSING LLC,
a Delaware limited liability company

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ASSOCIATED DATA SERVICES, INC.,
an Alabama corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

TELEPAYROLL, INC.,
a California corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

SAVERS ADMINISTRATIVE SERVICES, INC.,
a North Carolina corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

USA PAYROLLS INC.,
a New York corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

PAYROLL MAXX LLC,
a Colorado limited liability company

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

PAY SYSTEMS OF AMERICA, INC.,
a Tennessee corporation

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

ASURE PAYROLL TAX MANAGEMENT LLC,
a Delaware limited liability company

By: /s/ Patrick Goepel
Name: Patrick Goepel
Title: Chief Executive Officer and President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Agent and as a Lender

By: /s/ Tram Foster
Name: Tram Foster
Title: Authorized Signatory

<u>SCHEDULE C-1</u>

Commitments

Lender	Revolver Commitment	Term Loan Commitment*	Total Commitment
Wells Fargo Bank, National Association	$5,000,000	$10,000,000	$15,000,000
All Lenders	$5,000,000	$10,000,000	$15,000,000

* Outstanding principal balance of the Term Loan after giving effect to the Term Loan prepayment on the Fourth Amendment Closing Date.

EXHIBIT 31.1

CERTIFICATION OF PERIODIC REPORT
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, the undersigned, Patrick Goepel, certify, that:

1. I have reviewed this quarterly report on Form 10-Q of the Company (the “Report”);

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

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

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

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

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

(c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the Report based on such evaluation; and

(d) Disclosed in the Report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the quarter ended June 30, 2020) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and

5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and to the Audit Committee of the Board of Directors:

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

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: August 10, 2020	By:	/s/ Patrick Goepel
		Patrick Goepel
		Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PERIODIC REPORT
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, the undersigned, Kelyn Brannon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company (the "Report");

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

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

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

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

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

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

(d) Disclosed in the Report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the quarter ended June 30, 2020) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and to the Audit Committee of the Board of Directors:

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

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

Date: August 10, 2020	By:	/s/ Kelyn Brannon
		Kelyn Brannon
		Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PERIODIC REPORT
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, the undersigned, Patrick Goepel, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The quarterly report on Form 10-Q of the Company for the period ended June 30, 2020 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended, and

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

Date: August 10, 2020	By:	/s/ Patrick Goepel
		Patrick Goepel
		Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Asure Software, Inc. and will be retained by Asure Software, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

CERTIFICATION OF PERIODIC REPORT
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, the undersigned, Kelyn Brannon, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The quarterly report on Form 10-Q of the Company for the period ended June 30, 2020 (the “Report”) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 as amended, and

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

Date: August 10, 2020 By: /s/ Kelyn Brannon
Kelyn Brannon
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Asure Software, Inc. and will be retained by Asure Software, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.