
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended January 31, 2015

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: 0-28132

STREAMLINE HEALTH SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

31-1455414

(I.R.S. Employer Identification No.)

**1230 Peachtree Street, NE, Suite 600,
Atlanta, GA 30309**

(Address of principal executive offices) (Zip Code)

(404) 920-2396

(Registrant's telephone number, including area code)

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

Common Stock, \$.01 par value

(Title of Class)

The NASDAQ Stock Market, Inc.

(Name of exchange on which listed)

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

None

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed using the closing price as reported by The NASDAQ Stock Market, Inc. for the Registrant's Common Stock on July 31, 2014, was \$90,947,975.

The number of shares outstanding of the Registrant's Common Stock, \$.01 par value, as of March 18, 2015: 18,603,289

FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this Report and in other materials we file with the Securities and Exchange Commission (“SEC”) or otherwise make public. In this Report, both Part I, Item 1, “Business,” and Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contain forward-looking statements. In addition, our senior management makes forward-looking statements to analysts, investors, the media and others. Statements with respect to expected revenue, income, receivables, backlog, client attrition, acquisitions and other growth opportunities, sources of funding operations and acquisitions, the integration of our solutions, the performance of our channel partner relationships, the sufficiency of available liquidity, research and development, and other statements of our plans, beliefs or expectations are forward-looking statements. These and other statements using words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “target,” “can,” “could,” “may,” “should,” “will,” “would” and similar expressions also are forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. The forward-looking statements we make are not guarantees of future performance, and we have based these statements on our assumptions and analyses in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such statements. Management cautions against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or historical earnings levels.

Among the factors that could cause actual future results to differ materially from our expectations are the risks and uncertainties described under “Risk Factors” set forth in Part I, Item 1A, and the other cautionary statements in other documents we file with the SEC, including the following:

- competitive products and pricing;
- product demand and market acceptance;
- new product development;
- key strategic alliances with vendors that resell our products;
- our ability to control costs;
- availability of products produced by third party vendors;
- the healthcare regulatory environment;
- potential changes in legislation, regulation and government funding affecting the healthcare industry;
- healthcare information systems budgets;
- availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems;
- the success of our relationships with channel partners;
- fluctuations in operating results;
- critical accounting policies and judgments;
- changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other standard-setting organization;
- changes in economic, business and market conditions impacting the healthcare industry, the markets in which we operate and nationally; and
- our ability to maintain compliance with the terms of our credit facilities.

Most of these factors are beyond our ability to predict or control. Any of these factors, or a combination of these factors, could materially affect our future financial condition or results of operations and the ultimate accuracy of our forward-looking statements. There also are other factors that we may not describe (generally because we currently do not perceive them to be material) that could cause actual results to differ materially from our expectations.

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

PART I

ITEM 1. *Business*

Company Overview

Founded in 1989, the Company is a leading provider of transformational data-driven solutions for healthcare organizations. The Company provides computer software-based solutions through its Looking Glass® platform. Looking Glass® captures, aggregates and translates structured and unstructured data to deliver intelligently organized, easily accessible predictive insights to its clients. Hospitals and physician groups use the knowledge generated by the Looking Glass® platform to help them reduce exposure to risk, improve clinical, financial and operational performance and improve patient care.

The Company's software solutions are delivered to clients either by purchased fixed-term or perpetual license, where such software is installed locally in the client's data center, or by access to the Company's data center systems through a secure connection in a software as a service (SaaS) delivery method.

The Company operates exclusively in one segment as a provider of health information technology solutions that improve healthcare processes and information flows within a healthcare facility. The Company sells its solutions and services in North America to hospitals and health systems, including physician practices, through its direct sales force and its reseller partnerships.

Unless the context requires otherwise, references to "Streamline Health," the "Company," "we," "us" and "our" are intended to mean Streamline Health Solutions, Inc. All references to a fiscal year refer to the fiscal year commencing February 1 in that calendar year and ending on January 31 of the following calendar year.

Solutions

The Company offers solutions to assist its clients in all areas of the patient care lifecycle including Patient Engagement, Patient Care, Health Information Management (HIM), Coding and Clinical Documentation Improvement (CDI), and Financial Management. Each suite of solutions is designed to improve the flow of critical patient information throughout the enterprise. Each of the Company's solutions helps to transform and structure information between disparate information technology systems into actionable data, giving the end user comprehensive access to clinical and business intelligence to enable better decision-making. All solutions can be delivered either by perpetual license or fixed-term installed locally or accessed securely through SaaS.

Patient Engagement Solutions - These solutions assist clients with patient access at the very beginning of the care continuum, before care has been provided. Individual workflows include a patient portal, physician referral, patient eligibility and authorization, patient payment including charity management and patient scheduling. Many of these solutions assist clients in the completion of patient records by capturing, storing and intelligently distributing the unstructured data that exists at all touch points throughout the patient care continuum. They create a permanent, document-based repository of historical health information that integrates seamlessly with existing clinical, financial and administrative information systems.

Patient Care Solutions - These solutions enable healthcare providers to improve their patient care through individual workflows such as clinical analytics, operating room management, physician portal and care coordination. The Company's Looking Glass® platform delivers industry leading clinical analytics that foster an open, continuous learning culture inside a healthcare organization empowering it with real-time, on-demand predictive insight for improved patient outcomes.

HIM, Coding & CDI Solutions - These solutions provide an integrated web-based software suite that enhances the productivity of CDI and Coding staff and enables the seamless sharing of patient data. This suite of solutions includes individual workflows such as content management, release of information, computer-assisted coding (eCAC), CDI, abstracting and physician query. The eCAC solution includes patented Natural Language Processing (NLP) that streamlines concurrent chart review and coding workflows.

Financial Management Solutions - These solutions enable staff across the healthcare enterprise to drill down quickly and deeply into actionable and real-time financial data and key performance indicators to improve revenue realization and staff efficiency. This suite of solutions includes individual workflows such as accounts receivable management, denials management, claims processing, spend management and audit management. These solutions provide dashboards, data mining tools and prescriptive reporting, which help to simplify, facilitate and optimize overall revenue cycle performance of the healthcare enterprise. The financial management suite of solutions is used to improve the quality and accuracy of the data captured via our Patient Engagement solutions during patient admission, registration and scheduling. These solutions are also used to increase the completion and accuracy of patient charts and related coding, improve accounts receivable collections, reduce and manage denials, and improve audit outcomes.

Services

Custom Integration Services — The Company's professional services team works with clients to design custom integrations that integrate data to or from virtually any clinical, financial, or administrative system. By taking data and documents from multiple, disparate systems and bringing them into one streamlined system, clients are able to maximize efficiencies and increase operational performance. The Company's professional services team also creates custom integrations that transfer data from the Company's solutions into the client's external or internal systems.

Training Services — Training courses are offered to help clients quickly learn to use our solutions in the most efficient manner possible. Training sessions are available on-site or off for as few as one person or multiple staff members.

Electronic Image Conversion — The Company's electronic image conversion service allows organizations to protect their repository of images while taking advantage of its content management technology. Electronic image conversion creates one repository that integrates directly with our clinical content management system. This service is available via the SaaS model or for locally-installed solutions.

Database Monitoring Services — The Company's advanced database monitoring services for locally-installed clients help lighten the burden of ongoing system monitoring by the client's information technology staff and ensure a continual, stable production environment. The Company's database administrators ensure the client's system is running optimally with weekly, manual checks of the database environment to identify system issues that may require further attention. Monitoring is done through protected connections to data security.

Clients and Strategic Partners

The Company continues to provide transformational data-driven solutions to some of the finest, most well respected healthcare enterprises in the United States and Canada. Clients are geographically dispersed throughout North America, with heaviest concentration in the New York metropolitan area, Philadelphia, Texas, Southern California and the west coast of Florida.

In December 2007, the Company entered into an agreement with Telus Health (formerly Emergis, Inc.), a large international telecommunications corporation based in Canada, in which Telus Health is integrating the Company's document management repository and document workflow applications into its Oacis (Open Architecture Clinical Information System) Electronic Health Record solution. Through this agreement, the Company receives revenues from Canadian hospitals where its document management system is deployed.

In the fiscal years ended January 31, 2015, 2014 and 2013, the Company received revenue of approximately \$26.0 million, \$26.8 million and \$22.3 million, respectively, from its U.S. customers. The Company received revenue of approximately \$1.6 million, \$1.7 million, and \$1.5 million from foreign customers in the fiscal years ended January 31, 2015, 2014 and 2013, respectively.

In May 2012, the Company entered into a cross marketing agreement with RevPoint Health (formerly nTelegent), an automated workflow process provider with embedded real-time quality assurance functionality designed to enhance the patient registration process, decrease denials, reduce returned mail and complement the solution's core focus of improving upfront cash. Under the terms of the agreement, RevPoint is permitted to utilize the Streamline Health business analytics solution to facilitate the increase of upfront cash and cash on hand, as well as reduce accounts receivable days and bad debt for clients. The companies offer each other's services to their respective client bases to help maximize revenue cycle performance.

In December 2012, the Company entered into a cross marketing agreement with RSource, a leading provider of receivables management recovery solutions for healthcare providers. Under the terms of the agreement, RSource utilizes the Streamline Health business analytics solution to facilitate the revenue recovery services it provides to its clients, known as RCover. With Streamline's Looking Glass® Financial Management solutions, RSource is able to identify financial opportunities for its clients and to work with any data set to generate fast, sustainable return on investment. In addition, the companies offer each other's services to their respective client bases to help maximize revenue cycle performance.

During fiscal year 2014, no individual client accounted for 10% or more of our total revenues. Two clients represented 16% and 10%, respectively, of total accounts receivable as of January 31, 2015.

During fiscal year 2013, one client, Montefiore Medical Center, accounted for 11% of total revenues. Two clients represented 13% and 9%, respectively, of total accounts receivable as of January 31, 2014.

Business Segments

We manage our business as one single business segment. For our total assets at January 31, 2015 and 2014 and total revenue and net loss for the fiscal years ended January 31, 2015, 2014 and 2013, see our consolidated financial statements included in Item 8 herein.

Contracts

The Company enters into master agreements with its clients that specify the scope of the system to be installed and services to be provided by the Company, as well as the agreed-upon aggregate price and the timetable for services. Typically these are multi-element arrangements that include a perpetual or term license installed locally at the client site (or the right to use the Company's solutions as a part of SaaS services), and an initial maintenance term and any third-party components including hardware and software (included with SaaS services), as well as professional services for implementation, integration, process engineering, optimization and training. If the client purchases solutions via SaaS, the client is billed periodically for a specified term from one to seven years in length. The SaaS fee includes all maintenance and support services. The Company also generally provides SaaS clients professional services for implementation, integration, process engineering, optimization and training. Professional services are typically fixed-fee or hourly arrangements billable to clients based on agreed-to milestones or monthly.

The commencement of revenue recognition varies depending on the size and complexity of the system, the implementation schedule requested by the client and usage by clients of SaaS. Therefore, it is difficult for the Company to accurately predict the revenue it expects to achieve in any particular period. The Company's master agreements generally provide that the client may terminate its agreement upon a material breach by the Company or may delay certain aspects of the installation. A termination or installation delay of one or more phases of an agreement, or the failure of the Company to procure additional agreements, could have a material adverse effect on the Company's business, financial condition, and results of operations. Historically, the Company has not experienced a material amount of contract cancellations; however, the Company sometimes experiences delays in the course of contract performance and the Company accounts for them accordingly.

License fees

The Company incorporates software licensed from various vendors into its proprietary software. In addition, third-party, stand-alone software is required to operate the Company's proprietary software. The Company licenses these software products and pays the required license fees when such software is delivered to clients.

Associates

As of January 31, 2015, the Company had 123 associates, a net increase of 15 during fiscal 2014. The Company utilizes independent contractors to supplement its staff, as needed. None of the Company's associates are represented by a labor union or subject to a collective bargaining agreement. The Company has never experienced a work stoppage and believes that its employee relations are good. The Company's success depends, to a significant degree, on its management, sales and technical personnel.

For more information on contracts, backlog, acquisitions and research and development, see also ITEM 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Competition

Several companies historically have dominated the clinical information system software market and several of these companies have either acquired, developed or are developing their own document management and workflow technologies. The industry is undergoing consolidation and realignment as companies position themselves to compete more effectively. Strategic alliances between vendors offering HIM workflow and document management technologies and vendors of other healthcare systems are increasing. Barriers to entry to this market include technological and application sophistication, the ability to offer a proven product, a well-established client base and distribution channels, brand recognition, the ability to operate on a variety of operating systems and hardware platforms, the ability to integrate with pre-existing systems and capital for sustained development and marketing activities. The Company believes that these obstacles taken together represent a moderate to high-level barrier to entry. The Company has many competitors including clinical information system vendors that are larger, more established and have substantially more resources than the Company.

The Company believes that the principal competitive factors in its market are client recommendations and references, company reputation, system reliability, system features and functionality (including ease of use), technological advancements, client service and support, breadth and quality of the systems, the potential for enhancements and future compatible products, the effectiveness of marketing and sales efforts, price, and the size and perceived financial stability of the vendor. In addition, the Company believes that the speed with which companies in its market can anticipate the evolving healthcare industry structure and identify unmet needs are important competitive factors.

Requests for Documents

Copies of documents filed by the Company with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, if any, can be found at the web site <http://investor.streamlinehealth.net> as soon as practicable after such material is electronically filed with, or furnished to, the SEC. The information contained on the Company's website is not part of, nor incorporated by reference into this annual report on Form

10-K. Copies can be downloaded free of charge from the Company's web site or directly from the SEC web site, <http://www.sec.gov>. Also, copies of the Company's annual report on Form 10-K will be made available, free of charge, upon written request to the Company, attention: Corporate Secretary, 1230 Peachtree Street, NE, Suite 600, Atlanta, GA 30309.

Materials that the Company files with the SEC may also be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, on official business days during the hours of 10:00 am to 3:00 pm. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

ITEM 1A. Risk Factors

An investment in our common stock or other securities involves a number of risks. You should carefully consider each of the risks described below before deciding to invest in our common stock or other securities. If any of the following risks develops into actual events, our business, financial condition or results of operations could be negatively affected, the market price of our common stock or other securities could decline, and you may lose all or part of your investment.

Risks Relating to Our Business

Our sales have been concentrated in a small number of clients.

Our revenues have been concentrated in a relatively small number of large clients, and we have historically derived a substantial percentage of our total revenues from a few clients. For the fiscal years ended January 31, 2015 and 2014, our five largest clients accounted for 24% and 31% of our total revenues, respectively. If one or more clients terminate all or any portion of a master agreement or delay installations or if we fail to procure additional agreements, there could be a material adverse effect on our business, financial condition and results of operations.

A significant increase in new software as a service ("SaaS") contracts could reduce near-term profitability and require a significant cash outlay, which could adversely affect near term cash flow and financial flexibility.

If new or existing clients purchase significant amounts of our SaaS services, we may have to expend a significant amount of initial setup costs and time before those new clients are able to begin using such services, and we cannot begin to recognize revenues from those SaaS agreements until the commencement of such services. Accordingly, we anticipate that our near-term cash flow, revenue and profitability may be adversely affected by significant incremental setup costs from new SaaS clients that would not be offset by revenue until new SaaS clients go into production. While we anticipate long-term growth in profitability through increases in recurring SaaS subscription fees and significantly improved profit visibility, any inability to adequately finance setup costs for new SaaS solutions could result in the failure to put new SaaS solutions into production, and could have a material adverse effect on our liquidity, financial position and results of operations. In addition, this near-term cash flow demand could adversely impact our financial flexibility and cause us to forego otherwise attractive business opportunities or investments.

Failure to manage our expenses and efficiently allocate our financial and human capital as we grow could limit our growth potential and adversely impact our results of operation and financial condition.

During periods of growth, our financial and human capital assets can experience significant pressures. We are currently experiencing a period of growth primarily through acquisitions and in our SaaS lines of business, and this could continue to place a significant strain on our cash flow. This growth also adds strain to our services and support operations, sales and administrative personnel and other resources as they are requested to manage the added work load with existing resources. We believe that we must continue to focus on remote hosting services, develop new solutions, enhance existing solutions and serve the needs of our existing and prospective client base. Our ability to manage our planned growth effectively also will require us to continue to improve our operational, management and financial systems and controls, to train, motivate and manage our associates and to judiciously manage our operating expenses in anticipation of increased future revenues. Our failure to properly manage resources may limit our growth potential and adversely impact our results of operation and financial condition.

The potential impact on us of new or changes in existing federal, state and local regulations governing healthcare information could be substantial.

Healthcare regulations issued to date have not had a material adverse effect on our business. However, we cannot predict the potential impact of new or revised regulations that have not yet been released or made final, or any other regulations that

might be adopted. The U.S. Congress may adopt legislation that may change, override, conflict with or preempt the currently existing regulations and which could restrict the ability of clients to obtain, use or disseminate patient health information. We believe that the features and architecture of our existing solutions are such that we currently support or should be able to make the necessary modifications to our solutions, if required, by legislation or regulations, but there can be no assurances.

The healthcare industry is highly regulated. Any material changes in the political, economic or regulatory healthcare environment that affect the group purchasing business or the purchasing practices and operations of healthcare organizations, or that lead to consolidation in the healthcare industry, could require us to modify our services or reduce the funds available to providers to purchase our solutions and services.

Our business, financial condition and results of operations depend upon conditions affecting the healthcare industry generally and hospitals and health systems particularly. Our ability to grow will depend upon the economic environment of the healthcare industry generally, as well as our ability to increase the number of solutions that we sell to our clients. The healthcare industry is highly regulated and is subject to changing political, economic and regulatory influences. Factors such as changes in reimbursement policies for healthcare expenses, consolidation in the healthcare industry, regulation, litigation and general economic conditions affect the purchasing practices, operation and, ultimately, the operating funds of healthcare organizations. In particular, changes in regulations affecting the healthcare industry, such as any increased regulation by governmental agencies of the purchase and sale of medical products, or restrictions on permissible discounts and other financial arrangements, could require us to make unplanned modifications of our solutions and services, or result in delays or cancellations of orders or reduce funds and demand for our solutions and services.

Our clients derive a substantial portion of their revenue from third-party private and governmental payors, including through Medicare, Medicaid and other government-sponsored programs. Our sales and profitability depend, in part, on the extent to which coverage of and reimbursement for medical care provided is available from governmental health programs, private health insurers, managed care plans and other third-party payors. If governmental or other third-party payors materially reduce reimbursement rates or fail to reimburse our clients adequately, our clients may suffer adverse financial consequences, which in turn, may reduce the demand for and ability to purchase our solutions or services.

We face significant competition, including from companies with significantly greater resources.

We currently compete with many other companies for the licensing of similar software solutions and related services. Several companies historically have dominated the clinical information systems software market and several of these companies have either acquired, developed or are developing their own content management, analytics and coding/clinical documentation improvement solutions as well as the resultant workflow technologies. The industry is undergoing consolidation and realignment as companies position themselves to compete more effectively. Many of these companies are larger than us and have significantly more resources to invest in their businesses. In addition, information and document management companies serving other industries may enter the market. Suppliers and companies with whom we may establish strategic alliances also may compete with us. Such companies and vendors may either individually, or by forming alliances excluding us, place bids for large agreements in competition with us. A decision on the part of any of these competitors to focus additional resources in any one of our three solutions stacks (content management, analytics and coding/clinical documentation improvement), workflow technologies and other markets addressed by us could have a material adverse effect on us.

The healthcare industry is evolving rapidly, which may make it more difficult for us to be competitive in the future.

The U.S. healthcare system is under intense pressure to improve in many areas, including modernization, universal access and controlling skyrocketing costs of care. We believe that the principal competitive factors in our market are client recommendations and references, company reputation, system reliability, system features and functionality (including ease of use), technological advancements, client service and support, breadth and quality of the systems, the potential for enhancements and future compatible solutions, the effectiveness of marketing and sales efforts, price and the size and perceived financial stability of the vendor. In addition, we believe that the speed with which companies in our market can anticipate the evolving healthcare industry structure and identify unmet needs are important competitive factors. If we are unable to keep pace with changing conditions and new developments, we will not be able to compete successfully in the future against existing or potential competitors.

Rapid technology changes and short product life cycles could harm our business.

The market for our solutions and services is characterized by rapidly changing technologies, regulatory requirements, evolving industry standards and new product introductions and enhancements that may render existing solutions obsolete or less competitive. As a result, our position in the healthcare information technology market could change rapidly due to unforeseen changes in the features and functions of competing products, as well as the pricing models for such products. Our

future success will depend, in part, upon our ability to enhance our existing solutions and services and to develop and introduce new solutions and services to meet changing requirements. Moreover, competitors may develop competitive products that could adversely affect our operating results. We need to maintain an ongoing research and development program to continue to develop new solutions and apply new technologies to our existing solutions but may not have sufficient funds with which to undertake such required research and development. If we are not able to foresee changes or to react in a timely manner to such developments, we may experience a material, adverse impact on our business, operating results and financial condition.

Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our solutions and services.

Our intellectual property, which represents an important asset to us, has some protection against infringement through copyright and trademark law. We generally have little patent protection on our software. We rely upon license agreements, employment agreements, confidentiality agreements, nondisclosure agreements and similar agreements to maintain the confidentiality of our proprietary information and trade secrets. Notwithstanding these precautions, others may copy, reverse engineer or design independently, technology similar to our solutions. If we fail to protect adequately our intellectual property through trademarks and copyrights, license agreements, employment agreements, confidentiality agreements, nondisclosure agreements or similar agreements, our intellectual property rights may be misappropriated by others, invalidated or challenged, and our competitors could duplicate our technology or may otherwise limit any competitive technology advantage we may have. It may be necessary to litigate to enforce or defend our proprietary technology or to determine the validity of the intellectual property rights of others. Any litigation could be successful or unsuccessful, may result in substantial cost and require significant attention by management and technical personnel.

Due to the rapid pace of technological change, we believe our future success is likely to depend upon continued innovation, technical expertise, marketing skills and client support and services rather than on legal protection of our property rights. However, we have in the past, and intend in the future, to assert aggressively our intellectual property rights when necessary.

We could be subjected to claims of intellectual property infringement, which could be expensive to defend.

While we do not believe that our solutions and services infringe upon the intellectual property rights of third parties, the potential for intellectual property infringement claims continually increases as the number of software patents and copyrighted and trademarked materials continues to rapidly expand. Any claim for intellectual property right infringement, even if not meritorious, would be expensive to defend. If we were to become liable for infringing third party intellectual property rights, we could be liable for substantial damage awards, and potentially be required to cease using the technology, to produce non-infringing technology or to obtain a license to use such technology. Such potential liabilities or increased costs could be materially adverse to us.

Over the last several years, we have completed a number of acquisitions and may undertake additional acquisitions in the future. Any failure to adequately integrate past and future acquisitions into our business could have a material adverse effect on us.

Over the last several years, we have completed several acquisitions of businesses through asset and stock purchases. We expect that we will make additional acquisitions in the future.

Acquisitions involve a number of risks, including, but not limited to:

- the potential failure to achieve the expected benefits of the acquisition, including the inability to generate sufficient revenue to offset acquisition costs, or the inability to achieve expected synergies or cost savings;
- unanticipated expenses related to acquired businesses or technologies and its integration into our existing businesses or technology;
- the diversion of financial, managerial, and other resources from existing operations;
- the risks of entering into new markets in which we have little or no experience or where competitors may have stronger positions;
- potential write-offs or amortization of acquired assets or investments;
- the potential loss of key employees, clients, or partners of an acquired business;

- delays in client purchases due to uncertainty related to any acquisition;
- potential unknown liabilities associated with an acquisition; and
- the tax effects of any such acquisitions.

If we fail to successfully integrate acquired businesses or fail to implement our business strategies with respect to acquisitions, we may not be able to achieve projected results or support the amount of consideration paid for such acquired businesses, which could have an adverse effect on our business and financial condition.

Finally, if we finance acquisitions by issuing equity or convertible or other debt securities, our existing stockholders may be diluted, or we could face constraints related to the terms of and repayment obligations related to the incurrence of indebtedness. This could adversely affect the market price of our common stock.

Third party products are essential to our software.

Our software incorporates software licensed from various vendors into our proprietary software. In addition, third-party, stand-alone software is required to operate some of our proprietary software modules. The loss of the ability to use these third-party products, or ability to obtain substitute third-party software at comparable prices, could have a material adverse effect on our ability to license our software.

Our solutions may not be error-free and could result in claims of breach of contract and liabilities.

Our solutions are very complex and may not be error-free, especially when first released. Although we perform extensive testing, failure of any solution to operate in accordance with its specifications and documentation could constitute a breach of the license agreement and require us to correct the deficiency. If such deficiency is not corrected within the agreed-upon contractual limitations on liability and cannot be corrected in a timely manner, it could constitute a material breach of a contract allowing the termination thereof and possibly subjecting us to liability. Also, we sometimes indemnify our clients against third-party infringement claims. If such claims are made, even if they are without merit, they could be expensive to defend. Our license and SaaS agreements generally limit our liability arising from these types of claims, but such limits may not be enforceable in some jurisdictions or under some circumstances. A significant uninsured or under-insured judgment against us could have a material adverse impact on us.

We could be liable to third parties from the use of our solutions.

Our solutions provide access to patient information used by physicians and other medical personnel in providing medical care. The medical care provided by physicians and other medical personnel are subject to numerous medical malpractice and other claims. We attempt to limit any potential liability of ours to clients by limiting the warranties on our solutions in our agreements with our clients (i.e., healthcare providers). However, such agreements do not protect us from third-party claims by patients who may seek damages from any or all persons or entities connected to the process of delivering patient care. We maintain insurance, which provides limited protection from such claims, if such claims result in liability to us. Although no such claims have been brought against us to date regarding injuries related to the use of our solutions, such claims may be made in the future. A significant uninsured or under-insured judgment against us could have a material adverse impact on us.

Our SaaS and support services could experience interruptions.

We provide SaaS for many clients, including the storage of critical patient, financial and administrative data. In addition, we provide support services to clients through our client support organization. We have redundancies, such as backup generators, redundant telecommunications lines and backup facilities built into our operations to prevent disruptions. However, complete failure of all generators or impairment of all telecommunications lines or severe casualty damage to the primary building or equipment inside the primary building housing our hosting center or client support facilities could cause a temporary disruption in operations and adversely affect clients who depend on the application hosting services. Any interruption in operations at our data center or client support facility could cause us to lose existing clients, impede our ability to obtain new clients, result in revenue loss, cause potential liability to our clients and increase our operating costs.

Our SaaS solutions are provided over an internet connection. Any breach of security or confidentiality of protected health information could expose us to significant expense and harm our reputation.

We provide remote SaaS solutions for clients, including the storage of critical patient, financial and administrative data. We have security measures in place to prevent or detect misappropriation of protected health information. We must maintain facility and systems security measures to preserve the confidentiality of data belonging to clients as well as their patients that resides on computer equipment in our data center, which we handle via application hosting services, or that is otherwise in our possession. Notwithstanding efforts undertaken to protect data, it can be vulnerable to infiltration as well as unintentional lapse. If confidential information is compromised, we could face claims for contract breach, penalties and other liabilities for violation of applicable laws or regulations, significant costs for remediation and re-engineering to prevent future occurrences and serious harm to our reputation.

The loss of key personnel could adversely affect our business.

Our success depends, to a significant degree, on our management, sales force and technical personnel. We must recruit, motivate and retain highly skilled managers, sales, consulting and technical personnel, including solution programmers, database specialists, consultants and system architects who have the requisite expertise in the technical environments in which our solutions operate. Competition for such technical expertise is intense. Our failure to attract and retain qualified personnel could have a material adverse effect on us.

Our future success depends upon our ability to grow, and if we are unable to manage our growth effectively, we may incur unexpected expenses and be unable to meet our clients' requirements.

We will need to expand our operations if we successfully achieve greater demand for our products and services. We cannot be certain that our systems, procedures, controls and human resources will be adequate to support expansion of our operations. Our future operating results will depend on the ability of our officers and employees to manage changing business conditions and to implement and improve our technical, administrative, financial control and reporting systems. We may not be able to expand and upgrade our systems and infrastructure to accommodate these increases. Difficulties in managing any future growth, including as a result of integrating any prior or future acquisition with our existing businesses, could cause us to incur unexpected expenses, render us unable to meet our clients' requirements, and consequently have a significant negative impact on our business, financial condition and operating results.

We may not have access to sufficient or cost-efficient capital to support our growth, execute our business plans and remain competitive in our markets.

As our operations grow and as we implement our business strategies, we expect to use both internal and external sources of capital. In addition to cash flow from normal operations, we may need additional capital in the form of debt or equity to operate and to support our growth, execute our business plans and remain competitive in our markets. We may be limited as to the availability of such external capital or may not have any availability, in which case our future prospects may be materially impaired. Furthermore, we may not be able to access external sources of capital on reasonable or favorable terms. Our business operations could be subject to both financial and operational covenants that may limit the activities we may undertake, even if we believe they would benefit our company.

Potential disruptions in the credit markets may adversely affect our business, including the availability and cost of short-term funds for liquidity requirements and our ability to meet long-term commitments, which could adversely affect our results of operations, cash flows and financial condition.

If internally generated funds are not available from operations, we may be required to rely on the banking and credit markets to meet our financial commitments and short-term liquidity needs. Our access to funds under our revolving credit facility or pursuant to arrangements with other financial institutions is dependent on the financial institution's ability to meet funding commitments. Financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity or if they experience high volumes of borrowing requests from other borrowers within a short period of time.

We must maintain compliance with the terms of our existing credit facilities. The failure to do so could have a material adverse effect on our ability to finance our ongoing operations and we may not be able to find an alternative lending source if a default occurs.

In November 2014, we entered into a Credit Agreement (the "Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent, and other lender parties thereto. Pursuant to the Credit Agreement, the lenders agreed to provide a \$10,000,000 senior term loan and a \$5,000,000 revolving line of credit to our primary operating subsidiary. At closing, the Company repaid indebtedness under its prior credit facility using approximately \$7,400,000 of the proceeds provided by the term loan. The prior credit facility with Fifth Third Bank was terminated concurrent with the entry of the Credit Agreement.

The Credit Agreement includes customary financial covenants, including the requirements that the Company maintain certain minimum liquidity and achieve certain minimum EBITDA levels.

On April 15, 2015, we received a waiver from the lender for noncompliance with the minimum EBITDA covenant at January 31, 2015. Pursuant to the terms of the waiver and amendment to the Credit Agreement, from April 30, 2016 and each quarter thereafter, we must reach agreement with the lenders as to the minimum applicable amount of EBITDA we are required to achieve based on the most recent financial projections we submit to the lenders under the Credit Agreement. If we are unable to reach agreement with the lenders, or if the lenders do not approve our projections, we will be in immediate breach of the minimum EBITDA covenant. Additionally, pursuant to the terms of the waiver and amendment to the Credit Agreement, we are required to maintain additional minimum liquidity of at least (i) \$5,000,000 through April 15, 2015, (ii) \$6,500,000 from April 16, 2015 through and including July 30, 2015, (iii) \$7,000,000 from July 31, 2015 through and including January 30, 2016, and (iv) \$7,500,000 from January 31, 2016 through and including the maturity date of the credit facility.

If we do not maintain compliance with all of the continuing covenants and other terms and conditions of the credit facility or secure a waiver for any non-compliance, we could be required to repay outstanding borrowings on an accelerated basis, which could subject us to decreased liquidity and other negative impacts on our business, results of operations and financial condition. Furthermore, if we needed to do so, it may be difficult for us to find an alternative lending source. In addition, because our assets are pledged as a security under our credit facilities, if we are not able to cure any default or repay outstanding borrowings, our assets are subject to the risk of foreclosure by our lenders. Without a sufficient credit facility, we would be adversely affected by a lack of access to liquidity needed to operate our business. Any disruption in access to credit could force us to take measures to conserve cash, such as deferring important research and development expenses, which measures could have a material adverse effect on us.

Our outstanding preferred stock and warrants have significant redemption and repayment rights that could have a material adverse effect on our liquidity and available financing for our ongoing operations.

In August 2012, we completed a private offering of preferred stock, warrants and convertible notes to a group of investors for gross proceeds of \$12 million. In November 2012, the convertible notes converted into shares of preferred stock. The preferred stock is redeemable at the option of the holders thereof anytime after August 31, 2016 if not previously converted into shares of common stock. We may not achieve the thresholds required to trigger automatic conversion of the preferred stock, and alternatively, holders may not voluntarily elect to convert the preferred stock into common stock. The election of the holders of our preferred stock to call for redemption of the preferred stock could subject us to decreased liquidity and other negative impacts on our business, results of operations, and financial condition. For additional information regarding the terms, rights and preferences of the preferred stock and warrants, see Note 15 to our consolidated financial statements included herein and our other SEC filings.

Current economic conditions in the United States and globally may have significant effects on our clients and suppliers that would result in material adverse effects on our business, operating results and stock price.

Current economic conditions in the United States and globally and the concern that the worldwide economy may enter into a prolonged recessionary period may materially adversely affect our clients' access to capital or willingness to spend capital on our solutions and services or their levels of cash liquidity with which to pay for solutions that they will order or have already ordered from us. Continuing adverse economic conditions would also likely negatively impact our business, which could result in: (1) reduced demand for our solutions and services; (2) increased price competition for our solutions and services; (3) increased risk of collectability of cash from our clients; (4) increased risk in potential reserves for doubtful accounts and write-offs of accounts receivable; (5) reduced revenues; and (6) higher operating costs as a percentage of revenues.

All of the foregoing potential consequences of the current economic conditions are difficult to forecast and mitigate. As a consequence, our operating results for a particular period are difficult to predict, and, therefore, prior results are not necessarily indicative of future results to be expected in future periods. Any of the foregoing effects could have a material adverse effect on our business, results of operations, and financial condition and could adversely affect our stock price.

The variability of our quarterly operating results can be significant.

Our operating results have fluctuated from quarter-to-quarter in the past, and we may experience continued fluctuations in the future. Future revenues and operating results may vary significantly from quarter-to-quarter as a result of a number of factors, many of which are outside of our control. These factors include: the relatively large size of client agreements; unpredictability in the number and timing of system sales and sales of application hosting services; length of the sales cycle; delays in installations; changes in client's financial condition or budgets; increased competition; the development and

introduction of new products and services; the loss of significant clients or remarketing partners; changes in government regulations, particularly as they relate to the healthcare industry; the size and growth of the overall healthcare information technology markets; any liability and other claims that may be asserted against us; our ability to attract and retain qualified personnel; national and local general economic and market conditions; and other factors discussed in this report and our other filings with the SEC.

The preparation of our financial statements requires the use of estimates that may vary from actual results.

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates that affect the financial statements. Due to the inherent nature of these estimates, we may be required to significantly increase or decrease such estimates upon determination of the actual results. Any required adjustments could have a material adverse effect on us and on the results of operations, and could result in the restatement of our prior period financial statements.

Failure to improve and maintain the quality of internal control over financial reporting and disclosure controls and procedures or other lapses in compliance could materially and adversely affect our ability to provide timely and accurate financial information about us or subject us to potential liability.

In connection with the preparation of the consolidated financial statements for each of our fiscal years, our management conducts a review of our internal control over financial reporting. We are also required to maintain effective disclosure controls and procedures. Any failure to maintain adequate controls or to adequately implement required new or improved controls could harm operating results, or cause failure to meet reporting obligations in a timely and accurate manner.

Our operations are subject to foreign currency risk.

In connection with our expansion into foreign markets, which currently consists of Canada, we sometimes receive payment in currencies other than the U.S. dollar. Accordingly, changes in exchange rates, and in particular a strengthening of the U.S. dollar, will negatively affect our net sales and gross margins from our non-U.S. dollar-denominated revenue, as expressed in U.S. dollars. There is also a risk that we will have to adjust local currency solution pricing due to competitive pressures when there has been significant volatility in foreign currency exchange rates.

Risks Relating to an Investment in Our Securities

The market price of our common stock is likely to be highly volatile as the stock market in general can be highly volatile.

The public trading of our common stock is based on many factors that could cause fluctuation in the price of our common stock. These factors may include, but are not limited to:

- General economic and market conditions;
- Actual or anticipated variations in annual or quarterly operating results;
- Lack of or negative research coverage by securities analysts;
- Conditions or trends in the healthcare information technology industry;
- Changes in the market valuations of other companies in our industry;
- Announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives;
- Announced or anticipated capital commitments;
- Ability to maintain listing of our common stock on The Nasdaq Stock Market;
- Additions or departures of key personnel; and
- Sales and repurchases of our common stock by us, our officers and directors or our significant stockholders, if any.

Most of these factors are beyond our control. These factors may cause the market price of our common stock to decline, regardless of our operating performance or financial condition.

If equity research analysts do not publish research reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock may rely in part on the research and reports that equity research analysts publish about our business and us. We do not control the opinions of these analysts. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about our business or us. Furthermore, if no equity research analysts conduct research or publish reports about our business and us, the price of our stock could decline.

All of our debt obligations, our existing preferred stock and any preferred stock that we may issue in the future will have priority over our common stock with respect to payment in the event of a bankruptcy, liquidation, dissolution or winding up.

In any bankruptcy, liquidation, dissolution or winding up of the Company, our shares of common stock would rank in right of payment or distribution below all debt claims against us and all of our outstanding shares of preferred stock, if any. As a result, holders of our shares of common stock will not be entitled to receive any payment or other distribution of assets in the event of a bankruptcy or upon the liquidation or dissolution until after all of our obligations to our debt holders and holders of preferred stock have been satisfied. Accordingly, holders of our common stock may lose their entire investment in the event of a bankruptcy, liquidation, dissolution or winding up of our company. Similarly, holders of our preferred stock would rank junior to our debt holders and creditors in the event of a bankruptcy, liquidation, dissolution or winding up of the Company.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our shares of common stock.

We are generally not restricted from issuing in public or private offerings additional shares of common stock or preferred stock (except for certain restrictions under the terms of our outstanding preferred stock), and other securities that are convertible into or exchangeable for, or that represent a right to receive, common stock or preferred stock or any substantially similar securities. Such offerings represent the potential for a significant increase in the number of outstanding shares of our common stock. The market price of our common stock could decline as a result of sales of common stock or preferred stock or similar securities in the market made after an offering or the perception that such sales could occur.

In addition to our currently outstanding preferred stock, the issuance of an additional series of preferred stock could adversely affect holders of shares of our common stock, which may negatively impact your investment.

Our Board of Directors is authorized to issue classes or series of preferred stock without any action on the part of the stockholders. The Board of Directors also has the power, without stockholder approval, to set the terms of any such classes or series of preferred stock that may be issued, including dividend rights and preferences over the shares of common stock with respect to dividends or upon our dissolution, winding-up and liquidation and other terms. If we issue preferred stock in the future that has a preference over the shares of our common stock with respect to the payment of dividends or upon our dissolution, winding up and liquidation, or if we issue preferred stock with voting rights that dilute the voting power of the shares of our common stock, the rights of the holders of shares of our common stock or the market price of shares of our common stock could be adversely affected.

As of January 31, 2015, we had 2,949,995 shares of preferred stock outstanding. For additional information regarding the terms, rights and preferences of such stock, see Note 15 to our consolidated financial statements included herein and our other SEC filings.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend solely on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our common stock and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in its value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price you paid for your shares.

Sales of shares of our common stock or securities convertible into our common stock in the public market may cause the market price of our common stock to fall.

The issuance of shares of our common stock or securities convertible into our common stock in an offering from time to time could have the effect of depressing the market price for shares of our common stock. In addition, because our common stock is thinly traded, resales of shares of our common stock by our largest stockholders or insiders could have the effect of depressing market prices for shares of our common stock.

Note Regarding Risk Factors

The risk factors presented above are all of the ones that we currently consider material. However, they are not the only ones facing our company. Additional risks not presently known to us, or which we currently consider immaterial, may also adversely affect us. There may be risks that a particular investor views differently from us, and our analysis might be wrong. If any of the risks that we face actually occur, our business, financial condition and operating results could be materially adversely affected and could differ materially from any possible results suggested by any forward-looking statements that we have made or might make. In such case, the trading price of our common stock or other securities could decline and you could lose all or part of your investment. **We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.**

ITEM 1B. *Unresolved Staff Comments*

Not applicable.

ITEM 2. *Properties*

The Company's principal offices are located at 1230 Peachtree Street, NE, Suite 600, Atlanta, GA 30309. The Company leases all of its properties. For fiscal 2014, the aggregate rental expense for the Company's leased properties was \$1,470,000. The following table provides information regarding each property currently leased by the Company.

Location	Area (Sq. Feet)	Principal Business Function	End of Term	Renewal Option
Atlanta, GA	24,335	Corporate Office	November 30, 2022	None
Cincinnati, OH	21,700	Vacated Office	July 15, 2015	None
New York, NY	10,350	Satellite Office	November 29, 2019	None
Cincinnati, OH	1,166	Vacated Data Center	February, 2015	None

The Company believes that its facilities are adequate for its current needs and that suitable alternative space is available to accommodate expansion of the Company's operations. During the third quarter of fiscal 2014, we vacated the leased office space in Cincinnati, Ohio as part of our plan to consolidate our operations in Atlanta and New York. In February 2015, we completed the migration of all data hosted in our Cincinnati data center to Atlanta.

ITEM 3. *Legal Proceedings*

We are, from time to time, a party to various legal proceedings and claims, which arise in the ordinary course of business. Other than the matter described under Note 13 to our consolidated financial statements included herein, we are not aware of any legal matters that could have a material adverse effect on our consolidated results of operations, or consolidated financial position, or consolidated cash flows.

ITEM 4. *Mine Safety Disclosures*

Not applicable.

PART II**ITEM 5. Market For Registrant's Common Equity, Related Stockholder Matters And Issuer Purchases Of Equity Securities**

The Company's common stock trades on The NASDAQ Stock Market ("NASDAQ") under the symbol STRM. The table below sets forth the high and low sales prices for the Company's common stock for each of the quarters in fiscal years 2014 and 2013, as reported by NASDAQ. The closing price of the Company's common stock on April 1, 2015 was \$3.53 per share as reported by NASDAQ.

Fiscal Year 2014	High	Low
4 th Quarter (November 1, 2014 through January 31, 2015)	\$ 4.38	\$ 3.25
3 rd Quarter (August 1, 2014 through October 31, 2014)	5.01	3.22
2 nd Quarter (May 1, 2014 through July 31, 2014)	5.77	4.17
1 st Quarter (February 1, 2014 through April 30, 2014)	6.75	4.70

Fiscal Year 2013	High	Low
4 th Quarter (November 1, 2013 through January 31, 2014)	\$ 8.50	\$ 5.53
3 rd Quarter (August 1, 2013 through October 31, 2013)	8.40	6.52
2 nd Quarter (May 1, 2013 through July 31, 2013)	7.71	5.79
1 st Quarter (February 1, 2013 through April 30, 2013)	7.42	5.12

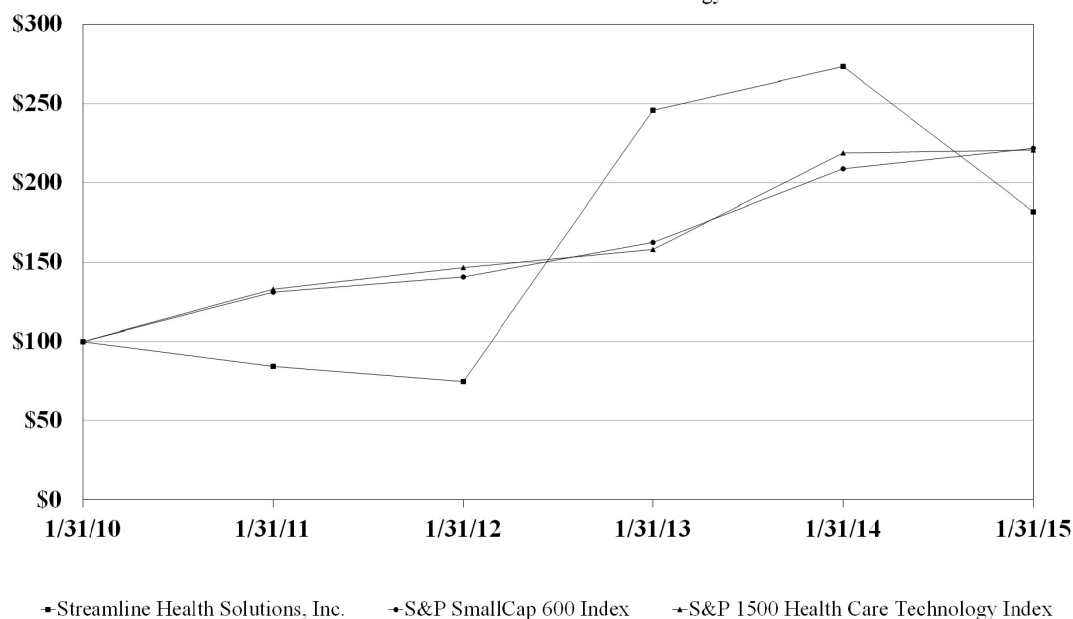
According to the stock transfer agent's records, the Company had 215 stockholders of record as of April 1, 2015. Because brokers and other institutions on behalf of stockholders hold many of such shares, the Company is unable to determine with complete accuracy the current total number of stockholders represented by these record holders. The Company estimates that it has approximately 3,200 stockholders, based on information provided by the Company's stock transfer agent from their search of individual participants in security position listings.

The Company has not paid any cash dividends on its common stock since its inception and dividend payments are prohibited or restricted under debt agreements.

Stock Price Performance Graph

The graph below reflects the cumulative stockholder return on the Company's shares compared to the return of the S&P SmallCap 600 index and the S&P 1500 Health Care Technology index on an annual basis. The graph reflects the investment of \$100 (with reinvestment of all dividends) on January 31, 2010 in the Company's stock, the S&P SmallCap 600 index and the S&P 1500 Health Care Technology index, a published industry peer group index. The total cumulative dollar returns shown below represent the value that such investments would have had on January 31, 2015. The stock price performance shown in this graph is not necessarily indicative of future stock price performance.

Comparison of Cumulative Five Year Total Return
Among Streamline Health Solutions, Inc., the S&P SmallCap 600 Index,
and the S&P 1500 Health Care Technology Index



Total Return To Shareholders
(Includes reinvestment of dividends)

ANNUAL RETURN PERCENTAGE

Company / Index	Years ended January 31,				
	2011	2012	2013	2014	2015
Streamline Health Solutions, Inc.	(15.84)%	(11.29)%	229.09%	11.23%	(33.44)%
S&P SmallCap 600 Index	30.93	7.50	15.45	28.44	6.15
S&P 1500 Health Care Technology Index	32.71	10.42	7.83	38.55	0.79

INDEXED RETURNS

Company / Index	Base Period 1/31/2010	Years ended January 31,				
		2011	2012	2013	2014	2015
Streamline Health Solutions, Inc.	100	\$ 84.16	\$ 74.66	\$ 245.70	\$ 273.30	\$ 181.90
S&P SmallCap 600 Index	100	130.93	140.75	162.50	208.71	221.55
S&P 1500 Health Care Technology Index	100	132.71	146.55	158.03	218.95	220.69

ITEM 6. Selected Financial Data

The selected consolidated financial data presented below as of and for the years ended January 31, 2015, 2014, 2013, 2012, and 2011 is derived from our audited consolidated financial statements.

Consolidated Statements of Operations Data (a):

	Fiscal Year				
	2014	2013	2012	2011	2010
Revenues:					
Systems sales	\$ 1,214,879	\$ 3,239,569	\$ 1,463,225	\$ 722,195	\$ 2,557,797
Professional services	2,580,167	3,641,731	3,792,569	3,369,875	3,641,265
Maintenance and support	16,157,371	13,986,566	11,211,197	8,867,697	7,856,704
Software as a service	7,672,990	7,626,837	7,299,812	4,156,441	3,550,225
Total revenues	<u>27,625,407</u>	<u>28,494,703</u>	<u>23,766,803</u>	<u>17,116,208</u>	<u>17,605,991</u>
Operating expenses:					
Cost of systems sales	3,536,495	3,142,525	2,747,230	2,237,899	3,827,313
Cost of services	3,458,984	4,052,113	3,087,997	2,630,314	3,120,740
Cost of maintenance and support	3,087,842	3,460,500	3,245,569	2,199,803	2,440,838
Cost of software as a service	2,920,403	2,523,184	2,512,156	1,815,986	1,902,521
Selling, general and administrative	16,225,574	14,546,335	10,060,469	6,577,101	6,406,190
Research and development	9,756,206	7,088,077	2,948,313	1,408,749	1,759,694
Impairment of intangible assets (b)	1,952,000	—	—	—	—
Total operating expenses	<u>40,937,504</u>	<u>34,812,734</u>	<u>24,601,734</u>	<u>16,869,852</u>	<u>19,457,296</u>
Operating loss	<u>(13,312,097)</u>	<u>(6,318,031)</u>	<u>(834,931)</u>	<u>246,356</u>	<u>(1,851,305)</u>
Other income (expense):					
Interest expense (c)	(748,969)	(1,765,813)	(1,957,010)	(178,524)	(116,392)
Loss on conversion of convertible notes (d)	—	—	(5,970,002)	—	—
Loss on early extinguishment of debt	(429,849)	(160,713)	—	—	—
Miscellaneous (expenses) income (e)	1,592,449	(3,573,091)	494,677	(30,943)	34,080
Loss before income taxes	<u>(12,898,466)</u>	<u>(11,817,648)</u>	<u>(8,267,266)</u>	<u>36,889</u>	<u>(1,933,617)</u>
Income tax benefit	887,009	100,458	2,888,537	(24,315)	(1,017,000)
Net loss	<u>(12,011,457)</u>	<u>(11,717,190)</u>	<u>(5,378,729)</u>	<u>12,574</u>	<u>(2,950,617)</u>
Less: deemed dividends on Series A Preferred Shares (d)	(1,038,310)	(1,180,904)	(176,048)	—	—
Net loss attributable to common shareholders	<u>\$ (13,049,767)</u>	<u>\$ (12,898,094)</u>	<u>\$ (5,554,777)</u>	<u>\$ 12,574</u>	<u>\$ (2,950,617)</u>
Basic net loss per common share	<u>\$ (0.71)</u>	<u>\$ (0.94)</u>	<u>\$ (0.48)</u>	<u>\$ —</u>	<u>\$ (0.31)</u>
Number of shares used in basic per common share computation	<u>18,261,800</u>	<u>13,747,700</u>	<u>11,634,540</u>	<u>9,887,841</u>	<u>9,504,986</u>
Diluted net loss per common share	<u>\$ (0.71)</u>	<u>\$ (0.94)</u>	<u>\$ (0.48)</u>	<u>\$ —</u>	<u>\$ (0.31)</u>
Number of shares used in diluted per common share computation	<u>18,261,800</u>	<u>13,747,700</u>	<u>11,634,540</u>	<u>9,899,073</u>	<u>9,504,986</u>

(a) Fiscal years 2011, 2012, 2013, and 2014 amounts include the results of operations of the following acquisitions: Interpoint Partners, LLC (“Interpoint”), from December 11, 2011; Meta Health Technology, Inc. (“Meta”), from August 16, 2012; Clinical Looking Glass (“CLG”), from October 25, 2013; and Unibased Systems Architecture, Inc., from February 3, 2014.

(b) In fiscal 2014, Meta trade name was deemed impaired and written off in full, resulting in a \$1,952,000 loss.

(c) Interest expense increased during 2012 primarily as a result of increases in the term loans interest and success fees associated with the Fifth Third Bank credit agreements, entered into to fund the Interpoint and Meta acquisitions - Please refer to Note 6 - Debt to our consolidated financial statements included herein for additional details on these credit agreements.

(d) Please refer to Note 15 - Private Placement Investment to our consolidated financial statements included herein for details on convertible notes and Series A Preferred Shares.

(e) Fiscal 2013 includes expense related to cumulative change in value of the earn-out totaling \$3,580,000. Fiscal 2014 includes \$2,283,000 in income related to valuation adjustment for warrants liability.

Consolidated Balance Sheets Data (a):

	January 31				
	2015	2014	2013	2012	2011
Cash and cash equivalents (b)	\$ 6,522,600	\$ 17,924,886	\$ 7,500,256	\$ 2,243,054	\$ 1,403,949
Current assets	16,505,723	29,688,229	19,877,778	8,408,243	5,938,415
Total assets	55,779,115	65,578,874	55,266,578	25,141,058	16,015,422
Current liabilities	14,299,591	15,411,979	17,325,422	8,742,621	8,159,949
Non-current liabilities	15,839,758	15,076,180	16,716,138	8,399,913	1,261,034
Total liabilities	30,139,349	30,488,159	34,041,560	17,142,534	9,420,983
Series A 0% Convertible Redeemable Preferred Stock (c)	6,637,978	5,599,668	7,765,716	—	—
Total stockholders' equity	\$ 19,001,788	\$ 29,491,047	\$ 13,459,302	\$ 7,998,524	\$ 6,594,439

- (a) Overall increase in January 31, 2012, 2013, 2014 and 2015 amounts resulting from the following acquisitions: Interpoint in December 2011, Meta in August 2012, CLG in October 2013, and Unibased in February 2014.
- (b) Increased January 31, 2014 balance is attributed to cash raised through the public offering of 3,450,000 shares of the Company's common stock in November 2013, as described in Note 16 - Stockholders' Equity to our consolidated financial statements included herein.
- (c) Please refer to Note 15 - Private Placement Investment to our consolidated financial statements included herein for details on the Series A Preferred Shares.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
Executive Overview

In fiscal 2014, management continued to focus on implementing the strategic objectives of the Five-Year Plan adopted in April 2013. The five-year plan centers around four strategic objectives that we believe are the appropriate actions to ensure success over the long term. These objectives were the outcomes of partnering with our clients to help them better navigate the increasingly complex confluence of clinical and financial data to empower profitable management of their organizations.

First, as clients begin to focus on the need to move from "volume to value", that is, as compensation models change to reward healthcare providers for improving the health of their patients ("value") versus paying for a number of tests and procedures performed ("volume") we will be able to provide our clients with our Clinical Analytics solution. In October of 2013, we exclusively licensed a clinical analytics platform from our client, the Montefiore Medical Center in the Bronx, New York. This capability enables us to deliver population health management solutions that are of critical importance to healthcare providers today.

Second, we want to assist our clients as they begin to shift their focus to the front-end of patient engagement to be more proactive in managing their patient population. Specifically, clients want to lower their patient financial services expenses and to improve financial clearance and point of sale collection execution before a patient receives care. Our acquisition in February 2014 of Unibased Systems Architecture, Inc., which has developed top-ranked solutions in both Patient Scheduling and Surgery Management, has enabled us to do just that. The offerings from Unibased comprise the majority of our new Looking Glass® Patient Engagement suite of solutions. These solutions enable us to deepen our front-end patient access offerings that are critically important to the process of assisting our clients in managing the risk inherent in their Accountable Care Organization relationships.

Third, as our clients continue to experience substantial pressure on revenue and margins, our HIM, Coding and Clinical Documentation Improvement (CDI) solutions become more important. As the industry prepares to transition from ICD-9 coding (with approximately 14,000 billing codes) to ICD-10 coding (with approximately ten times the number of billing codes) on October 1, 2015, healthcare providers throughout the country are more concerned than ever with revenue protection. Our CDI solution is well positioned to help them with this urgent task.

Fourth, we provide our Looking Glass® Financial Management solutions for revenue cycle management improvement - everything from business analytics to accounts receivable, denials and audit management - to help clients better manage their collections and cash flow. With growing pressure to improve overall cost management, healthcare providers need additional

Financial Decision Support capabilities, and we are looking to add the best software technology available to help us deliver this capability in our Financial Management suite. In addition, we offer Solutions Optimization advisory services for our Financial Management modules to help maximize return on investment for clients who rely on operational consultants to help realize the full value of outsourced software.

The healthcare industry continues to face sweeping changes and new standards of care that are putting greater pressure on healthcare providers to be more efficient in every aspect of their operations. These changes represent ongoing opportunities for the Company to partner with our current clients and prospects to help them meet and exceed these new standards.

Results of Operations

Statements of Operations for the fiscal years ended (in thousands):

	Fiscal Year ended January 31,						
	2014	2013	2012	2014 to 2013 Change		2013 to 2012 Change	
				\$	%	\$	%
System sales	\$ 1,215	\$ 3,240	\$ 1,463	\$ (2,025)	(63)%	\$ 1,777	121 %
Professional services	2,580	3,642	3,793	(1,062)	(29)%	(151)	(4)%
Maintenance and support	16,157	13,986	11,211	2,171	16 %	2,775	25 %
Software as a service	7,673	7,627	7,300	46	1 %	327	4 %
Total revenues	27,625	28,495	23,767	(870)	(3)%	4,728	20 %
Cost of sales	13,004	13,179	11,593	(175)	(1)%	1,586	14 %
Selling, general and administrative	16,226	14,546	10,061	1,680	12 %	4,485	45 %
Product research and development	9,756	7,088	2,948	2,668	38 %	4,140	140 %
Impairment of intangible assets	1,952	—	—	1,952	— %	—	— %
Total operating expenses	40,938	34,813	24,602	6,125	18 %	10,211	42 %
Operating loss	(13,313)	(6,318)	(835)	(6,995)	111 %	(5,483)	657 %
Other income (expense), net	415	(5,499)	(7,432)	5,914	(108)%	1,933	(26)%
Income tax benefit	887	100	2,888	787	787 %	(2,788)	(97)%
Net loss	\$ (12,011)	\$ (11,717)	\$ (5,379)	\$ (294)	3 %	\$ (6,338)	118 %
Adjusted EBITDA(1)	\$ (987)	\$ 1,770	\$ 6,560	\$ (2,757)	(156)%	\$ (4,790)	(73)%

(1) Non-GAAP measure meaning earnings before interest, tax, depreciation, amortization, stock-based compensation expense, transactional and one-time costs. See "Use of Non-GAAP Financial Measures" below for additional information and reconciliation.

The following table sets forth, for each fiscal year indicated, certain operating data as percentages of total revenues:

Statements of Operations(1)

	Fiscal Year		
	2014	2013	2012
System sales	4.4 %	11.4 %	6.2 %
Professional services	9.3	12.8	16.0
Maintenance and support	58.5	49.1	47.2
Software as a service	27.8	26.9	30.7
Total revenues	100.0 %	100.0 %	100.0 %
Cost of sales	47.1	46.2	48.8
Selling, general and administrative	58.7	51.0	42.3
Product research and development	35.3	24.9	12.4
Impairment of intangible assets	7.1	—	—
Total operating expenses	148.2	122.2	103.5
Operating loss	(48.2)	(22.2)	(3.5)
Other income (expense), net	1.5	(19.3)	(31.3)
Income tax benefit	3.2	0.5	12.2
Net loss	(43.5)%	(41.1)%	(22.6)%
Cost of Sales to Revenues ratio, by revenue stream:			
Systems sales	291.1 %	97.0 %	187.8 %
Services, maintenance and support	34.9 %	42.6 %	42.2 %
Software as a service	38.1 %	33.1 %	34.4 %

- (1) Because a significant percentage of the operating costs are incurred at levels that are not necessarily correlated with revenue levels, a variation in the timing of systems sales and installations and the resulting revenue recognition can cause significant variations in operating results. As a result, period-to-period comparisons may not be meaningful with respect to the past operations nor are they necessarily indicative of the future operations of the Company in the near or long-term. The data in the table is presented solely for the purpose of reflecting the relationship of various operating elements to revenues for the periods indicated.

Comparison of fiscal years 2014 and 2013 with previous years

Revenues

(in thousands):	Fiscal Year			2014 to 2013 Change		2013 to 2012 Change	
	2014	2013	2012	\$	%	\$	%
System Sales:							
Proprietary software	\$ 1,164	\$ 3,154	\$ 1,001	\$ (1,990)	(63)%	\$ 2,153	215 %
Hardware and third-party software	51	86	462	(35)	(41)%	(376)	(81)%
Professional services	2,580	3,642	3,793	(1,062)	(29)%	(151)	(4)%
Maintenance and support	16,157	13,986	11,211	2,171	16 %	2,775	25 %
Software as a service	7,673	7,627	7,300	46	1 %	327	4 %
Total Revenues (1)	\$ 27,625	\$ 28,495	\$ 23,767	\$ (870)	(3)%	\$ 4,728	20 %

- (1) Fluctuation is largely attributed to incremental revenue from acquired operations, as summarized below:

(in thousands):		Fiscal Year			2014 to 2013 \$	2013 to 2012 \$
Acquisition	Acquisition date	2014	2013	2012	Change	Change
Meta	August 2012	\$ 7,237	\$ 9,957	\$ 3,395	\$ (2,720)	\$ 6,562
CLG	October 2013	1,233	309	—	924	309
Unibased	February 2014	1,849	—	—	1,849	—
Total Revenues		\$ 10,319	\$ 10,266	\$ 3,395	\$ 53	\$ 6,871

Proprietary software — Proprietary software includes revenue from perpetual and term software license sales. Proprietary software revenues recognized in fiscal 2014 were \$1,164,000, as compared to \$3,154,000 in fiscal 2013 and \$1,001,000 in fiscal 2012. The increased fiscal 2013 revenues as compared to 2012 and 2014 revenues is primarily attributable to sales of our Looking Glass® Coding & CDI solutions (formerly known as Collabra™) totaling \$1,750,000 during fiscal 2013.

Hardware and third-party software — Revenues from hardware and third-party software sales in fiscal 2014 were \$51,000, as compared to \$86,000 in fiscal 2013 and to \$462,000 in fiscal 2012. Fluctuations from year to year are a function of client demand.

Professional services — Revenues from professional services in fiscal 2014 were \$2,580,000, as compared to \$3,642,000 in fiscal 2013 and to \$3,793,000 in fiscal 2012. The decreases are primarily attributable to an increased focus on professional services components that are essential to the functionality of the software, for which direct costs are deferred and recognized ratably over the associated revenue recognition. In addition, fluctuations over periods result from the nature of recognizing professional services revenues once certain milestones are met.

Maintenance and support — Revenues from maintenance and support in fiscal 2014 were \$16,157,000, as compared to \$13,986,000 in fiscal 2013 and to \$11,211,000 in fiscal 2012. The increase in maintenance and support in fiscal 2014 results primarily from recognizing a full 12 months of Unibased revenue, whereas no such revenue was recognized in prior fiscal years. The increase in maintenance and support in fiscal 2013 from prior year results primarily from recognizing a full 12 months of Meta revenue, as opposed to approximately 6 months in fiscal 2012. In addition, maintenance renewals typically include a price increase based on the prevailing consumer price index, or increase in the product set purchased by the client.

Software as a service (SaaS) — Revenues from SaaS in fiscal 2014 were \$7,673,000, as compared to \$7,627,000 in fiscal 2013 and to \$7,300,000 in fiscal 2012. The year-to-year increases are attributable to go-lives that occurred during each fiscal year, which initiated the start of revenue recognition.

Revenues from remarketing partners — Total revenues from GE Healthcare was \$335,000 in fiscal 2014, down from \$767,000 in fiscal 2013. In fiscal 2012, revenues from GE Healthcare were \$3,033,000, or 13% of total revenues.

The Company previously relied on GE Healthcare for a significant amount of its revenues. The Company's remarketing agreement with GE Healthcare remains in effect, however, the Company has not obtained any net new clients from the relationship since fiscal 2010.

Cost of Sales

(in thousands):	Fiscal Year			2014 to 2013 Change		2013 to 2012 Change	
	2014	2013	2012	\$	%	\$	%
Cost of system sales	\$ 3,536	\$ 3,143	\$ 2,747	\$ 393	13 %	\$ 396	14%
Cost of professional services	3,459	4,052	3,088	(593)	(15)%	964	31%
Cost of maintenance and support	3,088	3,461	3,246	(373)	(11)%	215	7%
Cost of software as a service	2,920	2,523	2,512	397	16 %	11	—%
Total cost of sales	\$ 13,003	\$ 13,179	\$ 11,593	\$ (176)	(1)%	\$ 1,586	14%

Cost of systems sales includes amortization and impairment of capitalized software expenditures, royalties, and the cost of third-party hardware and software. Cost of systems sales, as a percentage of systems sales, varies from period-to-period depending on hardware and software configurations of the systems sold. The increase in expense in fiscal 2014 and 2013 is primarily due to additional costs associated with Meta and Unibased, respectively. We incurred 12 months of expenses related to Unibased operations in fiscal 2014, whereas no such expenses were incurred in fiscal 2013. The increase in expenses from fiscal 2012 to 2013 is due primarily to the fact that we incurred 12 months and 5.5 months of expenses related to Meta's operations in fiscal 2013 and 2012, respectively. We incurred \$3,352,000, \$2,769,000 and \$2,435,000 in overall software amortization expense in fiscal 2014, 2013 and 2012, respectively.

The cost of professional services includes compensation and benefits for personnel, and related expenses. The decrease from fiscal 2013 to 2014 is primarily due to the reduction in independent contractors expense, as well as the increase in professional services components that are essential to the functionality of the software, for which direct costs are deferred and recognized ratably over the associated revenue recognition term. The increase in expense from fiscal 2012 to 2013 is primarily due to additional costs associated with the Meta acquisition. We incurred 12 months and 5.5 months of expenses related to Meta's operations in fiscal 2012 and 2013, respectively.

The cost of maintenance and support includes compensation and benefits for client support personnel and the cost of third-party maintenance contracts. The decrease from fiscal 2013 to 2014 is primarily due to the reduction in support personnel. The increase in expenses from fiscal 2012 to 2013 is primarily due to additional maintenance and support costs as part of the Meta acquisition. We incurred 12 months and 5.5 months of expenses related to Meta's operations in fiscal 2013 and 2012, respectively.

The cost of SaaS is relatively fixed but subject to some fluctuation for the goods and services it requires. The increase is related to incremental costs associated with the new data center in Atlanta beginning in the fourth quarter of fiscal 2013, consisting primarily of managed services and depreciation of IT equipment.

Selling, General and Administrative Expense

(in thousands):	Fiscal Year			2014 to 2013 Change		2013 to 2012 Change	
	2014	2013	2012	\$	%	\$	%
General and administrative expenses	\$ 11,799	\$ 11,152	\$ 7,702	\$ 647	6%	\$ 3,450	45%
Sales and marketing expenses	4,283	3,394	2,359	889	26%	1,035	44%
Total selling, general, and administrative	\$ 16,082	\$ 14,546	\$ 10,061	\$ 1,536	11%	\$ 4,485	45%

General and administrative expenses consist primarily of compensation and related benefits and reimbursable travel and living expenses related to the Company's executive and administrative staff, general corporate expenses, amortization of intangible assets, and occupancy costs. The increase in expense in fiscal 2014 and 2013 is primarily due to increased bad debt expense and professional fees, as well as higher amortization expense for intangible assets in connection with CLG. The increase in fiscal 2013 over the prior year is primarily driven by \$1,400,000 in professional service fees incurred in fiscal 2013, as well as additional general and administrative expenses associated with the Meta operations. Amortization of intangible assets added incremental expense to fiscal 2013 due to the amortization of assets acquired as part of Meta. We also recognized \$1,339,000 in amortization expense in fiscal 2013 for acquired intangible assets as compared to \$584,000 in fiscal 2012, an increase of \$755,000.

Sales and marketing expenses consist primarily of compensation and related benefits and reimbursable travel and living expenses related to the Company's sales and marketing staff, as well as advertising and marketing expenses, including trade shows and similar type sales and marketing expenses. The increases in sales and marketing expense in fiscal 2014 and 2013 over the prior year reflect increase in total compensation for sales staff.

Product Research and Development

(in thousands):	Fiscal Year			2014 to 2013 Change		2013 to 2012 Change	
	2014	2013	2012	\$	%	\$	%
Research and development expense	\$ 9,756	\$ 7,088	\$ 2,948	\$ 2,668	38%	\$ 4,140	140 %
Capitalized software development cost	620	614	2,000	6	1%	(1,386)	(69)%
Total R&D Cost	\$ 10,376	\$ 7,702	\$ 4,948	\$ 2,674	35%	\$ 2,754	56 %

Product research and development expenses consist primarily of compensation and related benefits, the use of independent contractors for specific near-term development projects, and an allocated portion of general overhead costs, including occupancy. The increase in expense from fiscal 2013 to 2014 was primarily due to additional costs associated with the CLG and Unibased acquisitions. The increase in research and development expenses in fiscal 2013 over the prior year was primarily due to more time committed to enhancing current software versions, which also decreased the number of hours available to be capitalized, and is reflected in the capitalized research and development costs. Research and development expenses in fiscal 2014, 2013, and 2012, as a percentage of revenues, were 35%, 25% and 12%, respectively.

Impairment of intangible assets

(in thousands):	Fiscal Year			2014 to 2013 Change		2013 to 2012 Change	
	2014	2013	2012	\$	%	\$	%
Impairment of intangible assets	\$ 1,952	\$ —	\$ —	\$ 1,952	—%	\$ —	—%

Management determined that the concerted effort to rebrand the Company's solutions under a single, harmonized Looking Glass® marketing platform moving forward, eroded, in total, the value of the Meta Trade name. As a result, we recorded a \$1,952,000 loss on impairment of intangible asset in fiscal 2014.

Other Income (Expense)

(in thousands):	Fiscal Year			2014 to 2013 Change		2013 to 2012 Change	
	2014	2013	2012	\$	%	\$	%
Interest expense	\$ (749)	\$ (1,766)	\$ (1,957)	\$ 1,017	(58)%	\$ 191	(10)%
Loss on conversion of convertible notes	—	—	(5,970)	—	—%	5,970	(100)%
Loss on early extinguishment of debt	(430)	(161)	—	(269)	167%	(161)	100%
Miscellaneous income (expenses)	1,592	(3,573)	495	5,165	(145)%	(4,068)	(822)%
Total other (expense) income	\$ 413	\$ (5,500)	\$ (7,432)	\$ 5,913	(108)%	\$ 1,932	(26)%

Interest expense consists of interest and commitment fees on the line of credit, interest (including accruals for success fees in fiscal 2013 and 2012) on the term loans, and interest on the 2012 convertible note and the 2013 note payable, and is inclusive of deferred financing cost and debt discount amortization. Amortization of deferred financing cost and debt discount were \$71,000, \$315,000, and \$219,000 in fiscal 2014, 2013, and 2012, respectively. Interest expense was higher in fiscal 2013 and 2012 primarily as a result of higher term loan interest and success fees, and deferred financing costs. Interest expense decreased significantly in fiscal 2014 as a result of the pay off of the \$9,000,000 subordinated term loan in January 2014.

We recorded losses in fiscal 2012 on the conversion of the convertible subordinated notes of \$5,913,000 related to the Interpoint and private placement investment, which represented the difference between the aggregate fair value of the Company's preferred stock issued of \$9,183,000, based on a \$5.80 fair value per share, and the total of carrying value of the notes and unamortized deferred financing cost of \$3,270,000.

In fiscal 2013, we recorded a \$139,000 loss on early extinguishment of debt related to the repayment of the subordinated term loan. In fiscal 2014, we recorded a \$115,000 loss related to the termination of the interest rate swap contract prior to its maturity and a \$315,000 loss related to the repayment of the senior term loan with Fifth Third Bank upon entering into a new credit agreement with Wells Fargo Bank in November 2014.

The change in miscellaneous income (expense) from 2012 to 2013 (increase in expense) and from 2013 to 2014 (decrease in expense) is primarily due to a loss from change in value of the earn-out totaling \$3,580,000 that was incurred in fiscal 2013. In addition, in fiscal 2014, 2013, and 2012, valuation adjustments to our warrants liability included in miscellaneous income (expense) totaled \$2,283,000, \$141,000, and \$489,000, respectively. In fiscal 2014, the income from valuation adjustment of warrants liability was partially offset by a \$181,000 loss on disposals of fixed assets, a \$235,000 loss related to vacating our Cincinnati office, and a \$129,000 loss related to valuation adjustments to our royalty liability.

Provision for Income Taxes

We recorded a tax benefit of \$887,000 and \$100,000 in fiscal 2014 and 2013. Please refer to Note 8 - Income Taxes to our consolidated financial statements included in Item 8 for details on current and deferred taxes benefits (expenses) for federal and state income taxes.

In fiscal 2012, we recorded a tax benefit of \$2,889,000 that is comprised of current state and local taxes payable of \$47,000 and a deferred tax benefit of \$2,936,000. The deferred tax benefit is comprised of the tax benefit recorded for the release of the deferred tax asset valuation allowance and the related reduction in income tax expense of \$3,000,000 as a result of deferred tax liabilities recorded related to the Meta acquisition, and the effect of temporary differences during fiscal 2012.

Backlog

	2014	2013
Company proprietary software	\$ 20,888,000	\$ 2,230,000
Hardware and third-party software	244,000	79,000
Professional services	7,485,000	7,255,000
Maintenance and support	21,304,000	25,936,000
Software as a service	22,574,000	21,073,000
Total	<u>\$ 72,495,000</u>	<u>\$ 56,573,000</u>

At January 31, 2015, the Company had master agreements and purchase orders from clients and remarketing partners for systems and related services that have not been delivered or installed, which if fully performed, would generate future revenues of \$72,495,000 compared with \$56,573,000 at January 31, 2014.

The Company's proprietary software backlog consists of signed agreements to purchase either perpetual software licenses or term licenses. Typically, perpetual licenses included in backlog are either not yet generally available or the software is generally available and the client has not taken possession of the software. Term licenses included in backlog consist of signed agreements where the client has already taken possession, but the payment for the software is bundled with maintenance and support fees over the life of the contract. The increase in backlog is due to several new clients purchasing long-term term license agreements during 2014.

Third-party hardware and software consists of signed agreements to purchase third-party hardware or third-party software licenses that have not been delivered to the client. These are products that the Company resells as components of the solution a client purchases.

Professional services backlog consists of signed contracts for services that have yet to be performed. Typically, backlog is recognized within twelve months of the contract signing. The increase in backlog is due to several clients that signed contracts during fiscal 2014 for add-on solutions, upgrades, or expansion of services at additional locations for which contracted services have not yet been performed.

Maintenance and support backlog consists of maintenance agreements for licenses of the Company's proprietary software and third-party hardware and software with clients and remarketing partners for which either an agreement has been signed or a purchase order under a master agreement has been received. The Company includes in backlog the signed agreements through their respective renewal dates. Typical maintenance contracts are for a one-year term and are renewed annually. Clients typically prepay maintenance and support that is billed 30-60 days prior to the beginning of the maintenance period. The Company does not expect any significant client attrition over the next 12 months. Maintenance and support backlog at January 31, 2015 was \$21,304,000, as compared to \$25,936,000 at January 31, 2014. The Company expects to recognize \$10,444,000 out of January 31, 2015 backlog in fiscal 2015. A significant portion of this decrease is due to renewals not exceeding revenue recognized from the January 31, 2014 backlog.

At January 31, 2015, the Company had entered into SaaS agreements that are expected to generate revenues of \$22,574,000 through their respective renewal dates in fiscal years 2014 through 2019. The Company expects to recognize \$8,459,000 out of January 31, 2015 SaaS backlog in fiscal 2015. Typical SaaS terms are one to seven years in length. SaaS backlog and terms are as follows:

(in thousands):	SaaS Backlog at January 31, 2015	Average Remaining Months in Term
7-year term	\$ 1,355	37
6-year term	627	41
5-year term	15,480	30
4-year term	575	33
3-year term	4,134	26
Less than 3-year term	403	10
Total SaaS backlog	<u>\$ 22,574</u>	

The commencement of revenue recognition for SaaS varies depending on the size and complexity of the system; the implementation schedule requested by the client and ultimately the official go-live on the system. Therefore, it is difficult for the Company to accurately predict the revenue it expects to achieve in any particular period.

All of the Company's master agreements are generally non-cancelable but provide that the client may terminate its agreement upon a material breach by the Company, or may delay certain aspects of the installation. There can be no assurance that a client will not cancel all or any portion of a master agreement or delay portions of the agreement. A termination or delay in one or more phases of an agreement, or the failure of the Company to procure additional agreements, could have a material adverse effect on the Company's financial condition and results of operations.

Use of Non-GAAP Financial Measures

In order to provide investors with greater insight, and allow for a more comprehensive understanding of the information used by management and the board of directors in its financial and operational decision-making, the Company has supplemented the Consolidated Financial Statements presented on a GAAP basis in this annual report on Form 10-K with the following non-GAAP financial measures: EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA per diluted share.

These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Company results as reported under GAAP. The Company compensates for such limitations by relying primarily on our GAAP results and using non-GAAP financial measures only as supplemental data. We also provide a reconciliation of non-GAAP to GAAP measures used. Investors are encouraged to carefully review this reconciliation. In addition, because these non-GAAP measures are not measures of financial performance under GAAP and are susceptible to varying calculations, these measures, as defined by the Company, may differ from and may not be comparable to similarly titled measures used by other companies.

EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA per diluted share

We define: (i) EBITDA as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation and amortization; (ii) Adjusted EBITDA as net earnings (loss) before net interest expense, income tax expense (benefit), depreciation, amortization, stock-based compensation expense, and transaction expenses and other expenses that do not relate to our core operations; (iii) Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of net revenue; and (iv) Adjusted EBITDA per diluted share as Adjusted EBITDA divided by adjusted diluted shares outstanding. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA per diluted share are used to facilitate a comparison of our operating performance on a consistent basis from period to period and provide for a more complete understanding of factors and trends affecting our business than GAAP measures alone. These measures assist management and the board and may be useful to investors in comparing our operating performance consistently over time as they remove the impact of our capital structure (primarily interest charges), asset base (primarily depreciation and amortization), items outside the control of the management team (taxes), and expenses that do not relate to our core operations including: transaction-related expenses (such as professional and advisory services), corporate restructuring expenses (such as severances), and other operating costs that are expected to be non-recurring. Adjusted EBITDA removes the impact of share-based compensation expense, which is another non-cash item. Adjusted EBITDA per diluted share includes incremental shares in the share count that are considered anti-dilutive in a GAAP net loss position.

The board of directors and management also use these measures as (i) one of the primary methods for planning and forecasting overall expectations and for evaluating, on at least a quarterly and annual basis, actual results against such expectations; and (ii) as a performance evaluation metric in determining achievement of certain executive and associate incentive compensation programs.

Our lender uses an EBITDA measurement that is similar to the Adjusted EBITDA measurement described herein to assess our operating performance. The lender under our credit agreement requires delivery of compliance reports certifying compliance with financial covenants, certain of which are based on this EBITDA measurement that is similar to the Adjusted EBITDA measurement reviewed by our management and board of directors.

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin are not measures of liquidity under GAAP, or otherwise, and are not alternatives to cash flow from continuing operating activities, despite the advantages regarding the use and analysis of these measures as mentioned above. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA per diluted share as disclosed in this annual report on Form 10-K, have limitations as analytical tools, and you should not consider these measures in isolation, or as a substitute for analysis of our results as reported under GAAP; nor are these measures intended to be measures of liquidity or free cash flow for our discretionary use. Some of the limitations of EBITDA, and its variations are:

- EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- EBITDA does not reflect the interest expense, or the cash requirements to service interest or principal payments under our credit agreements;
- EBITDA does not reflect income tax payments we are required to make; and
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized often will have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements.

Adjusted EBITDA has all the inherent limitations of EBITDA. To properly and prudently evaluate our business, the Company encourages readers to review the GAAP financial statements included elsewhere in this annual report on Form 10-K, and not rely on any single financial measure to evaluate our business. We also strongly urge readers to review the reconciliation of GAAP net loss to Adjusted EBITDA, and GAAP loss per diluted share to Adjusted EBITDA per diluted share in this section, along with the Consolidated Financial Statements included elsewhere in this annual report on Form 10-K.

The following table sets forth a reconciliation of EBITDA and Adjusted EBITDA to net loss, a comparable GAAP-based measure, as well as loss per diluted share to Adjusted EBITDA per diluted share. All of the items included in the reconciliation from net loss to EBITDA to Adjusted EBITDA and the related per share calculations are either recurring non-cash items, or items that management does not consider in assessing our on-going operating performance. In the case of the non-cash items, management believes that investors may find it useful to assess the Company's comparative operating performance because the measures without such items are less susceptible to variances in actual performance resulting from depreciation, amortization and other expenses that do not relate to our core operations and more reflective of other factors that affect operating performance. In the case of items that do not relate to our core operations, management believes that investors may find it useful to assess our operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

The following table reconciles net loss to EBITDA and Adjusted EBITDA, and Adjusted EBITDA per diluted share to loss per diluted share for the fiscal years ended January 31, 2015, 2014 and 2013 (amounts in thousands, except per share data):

Adjusted EBITDA Reconciliation	Fiscal Year		
	2014	2013	2012
Net loss	\$ (12,011)	\$ (11,717)	\$ (5,379)
Interest expense	749	1,766	1,957
Tax benefit (1)	(887)	(100)	(2,888)
Depreciation	1,005	718	726
Amortization of capitalized software development costs (2)	3,678	3,192	2,659
Amortization of intangible assets	1,396	1,342	584
Amortization of other costs	166	74	35
EBITDA	(5,904)	(4,725)	(2,306)
Stock-based compensation expense	1,934	1,661	956
Loss on impairment of intangible assets	1,952	—	—
Loss on conversion of convertible notes	—	—	5,970
Loss on early extinguishment of debt	430	161	—
Loss on disposal of fixed assets	181	—	—
Non-cash valuation adjustments to assets and liabilities (3)	(2,154)	3,427	87
Transaction related professional fees, advisory fees, and other internal direct costs	182	769	796
Associate severances and other costs relating to transactions or corporate restructuring	901	415	866
Other non-recurring operating expenses (4)	1,491	62	191
Adjusted EBITDA	\$ (987)	\$ 1,770	\$ 6,560
Adjusted EBITDA Margin (5)	(4)%	6%	28%

Adjusted EBITDA per diluted share	2014	2013	2012
Loss per share — diluted	\$ (0.71)	\$ (0.94)	\$ (0.48)
Adjusted EBITDA per adjusted diluted share (6)	\$ (0.05)	\$ 0.10	\$ 0.46
Diluted weighted average shares	18,261,800	13,747,700	11,634,540
Includable incremental shares — adjusted EBITDA (7)	—	4,863,140	494,109
Adjusted diluted shares	18,261,800	18,610,840	12,128,649

- (1) Fiscal 2012 includes a non-cash income tax benefit of \$3,000,000 to reduce the Company's tax valuation allowance relating to deferred tax liabilities recorded in conjunction with the Company's acquisition of Meta.
- (2) Fiscal 2014 includes \$2,220,000 relating to internally developed legacy software, \$326,000 relating to acquired internally developed software from Interpoint, \$729,000 relating to internally developed software acquired from Meta, and \$403,000 relating to internally developed software acquired from Unibased. Fiscal 2013 includes \$2,172,000 relating to internally developed legacy software, \$423,000 relating to acquired internally developed software from Interpoint, and \$597,000 relating to internally developed software acquired from Meta. Fiscal 2012 includes \$1,969,000 relating to internally developed legacy software, \$224,000 relating to acquired internally developed software from Interpoint, and \$466,000 relating to internally developed software acquired from Meta.
- (3) Fiscal 2014 includes valuation adjustment for warrants liability of \$(2,283,000). Fiscal 2013 and 2012 include valuation adjustment for contingent earn-out of \$3,580,000 and \$87,000, respectively.
- (4) Increase in fiscal 2014 is primarily due to professional services fees that are deemed non-recurring.
- (5) Adjusted EBITDA as a percentage of GAAP revenues.
- (6) Adjusted EBITDA per adjusted diluted share for the Company's common stock is computed using the more dilutive of the two-class method or the if-converted method.
- (7) The number of incremental shares that would be dilutive under profit assumption, only applicable under a GAAP net loss. If GAAP profit is earned in the current period, no additional incremental shares are assumed.

Application of Critical Accounting Policies

The following is a summary of the Company's most critical accounting policies. See Note 2 of our Consolidated Financial Statements included herein for a complete discussion of the significant accounting policies and methods used in the preparation of our Consolidated Financial Statements.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 985-605, *Software-Revenue Recognition* and ASC 605-25 *Revenue Recognition — Multiple-element arrangements*. The Company commences revenue recognition when the following criteria all have been met:

- Persuasive evidence of an arrangement exists,
- Delivery has occurred or services have been rendered,
- The arrangement fees are fixed or determinable, and
- Collection is considered probable.

If the Company determines that any of the above criteria has not been met, the Company will defer recognition of the revenue until all the criteria have been met. If non-standard acceptance periods or non-standard performance criteria, cancellation or right of refund terms are required, revenue is recognized upon the satisfaction of such criteria, as applicable.

Multiple Element Arrangements

We record revenue pursuant to Accounting Standards Update No. 2009-13, Revenue Recognition (Topic 605), "*Multiple-Deliverable Revenue Arrangements — a consensus of the FASB Emerging Issues Task Force*" ("ASU 2009-13"). The Company follows this accounting guidance for revenue recognition of multiple deliverable revenue arrangements (meaning the delivery or performance of multiple products, services and/or rights to use assets) to determine whether such arrangements contain more than one unit of accounting. To qualify as a separate unit of accounting, the delivered item must have value to the client on a stand-alone basis (meaning the item can be sold separately by any vendor or the client could resell the item on a stand-alone basis). Additionally, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered items must be considered probable and substantially in the control of the vendor.

Allowance for Doubtful Accounts

Accounts and contract receivables are comprised of amounts owed the Company for solutions and services provided. Contracts with individual clients and resellers determine when receivables are due and payable. In determining the allowances for doubtful accounts, the unpaid receivables are reviewed monthly to determine the payment status based upon the most currently available information as to the status of the receivables. During these monthly reviews, the Company determines the required allowances for doubtful accounts for estimated losses resulting from the unwillingness or inability of its clients or resellers to make required payments.

Capitalized Software Development Costs

Software development costs are accounted for in accordance with ASC 985-20 *Software — Costs of Software to be Sold, Leased or Marketed*. Costs associated with the planning and designing phase of software development are classified as research and development and are expensed as incurred. Once technological feasibility has been determined, a portion of the costs incurred in development, including coding, testing, and quality assurance, are capitalized until available for general release to clients, and subsequently reported at the lower of unamortized cost or net realizable value. Amortization is calculated on a solution-by-solution basis and is over the estimated economic life of the software. Amortization for our legacy software systems is provided on a solution-by-solution basis over the estimated economic life of the software, using the straight-line method. Amortization commences when a solution is available for general release to clients. Acquired internally developed software from acquisitions is amortized using the straight-line method. Unamortized capitalized costs determined to be in excess of the net realizable value of a solution are expensed at the date of such determination. The Company reviews, on an on-going basis, the carrying value of its capitalized software development expenditures, net of accumulated amortization.

Goodwill and Intangible Assets

Goodwill and other intangible assets were recognized in conjunction with the Interpoint, Meta, Clinical Looking Glass, and Unibased acquisitions. Identifiable intangible assets include purchased intangible assets with finite lives, which primarily consist of internally-developed software, client relationships, supplier agreements, non-compete agreements, customer contracts, and license agreements. Finite-lived purchased intangible assets are amortized over their expected period of benefit,

which generally ranges from one to 15 years, using the straight-line and undiscounted expected future cash flows methods. The indefinite-lived intangible asset relates to the Meta trade name, which was not amortized, but tested for impairment on at least an annual basis. In fiscal 2014, Meta trade name was deemed impaired and its corresponding balance was fully written off (see Note 7 - Goodwill and Intangible Assets to our consolidated financial statements included herein).

We assess the useful lives and possible impairment of existing recognized goodwill and intangible assets when an event occurs that may trigger such a review. Factors considered important which could trigger a review include:

- significant under performance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for the overall business;
- identification of other impaired assets within a reporting unit;
- disposition of a significant portion of an operating segment;
- significant negative industry or economic trends;
- significant decline in the Company's stock price for a sustained period; and
- a decline in the market capitalization relative to the net book value.

Determining whether a triggering event has occurred involves significant judgment by the Company.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax credit and loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing net deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will not be realized. We establish a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. See Note 8 to our consolidated financial statements included in Item 8 for further details.

Common Stock Warrants

As of January 31, 2014, the fair value of the common stock warrants was computed using the Black-Scholes option pricing model. The estimated fair value of the warrant liabilities as of January 31, 2015 was computed using Monte-Carlo simulations. Both valuations were based on assumptions regarding annual volatility, risk-free rate, dividend yield and expected life. The models also include assumptions to account for anti-dilutive provisions within the warrant agreement (see Note 2 - Significant Accounting Policies to our consolidated financial statements included herein).

Contractual Obligations

We have various contractual obligations and commitments to make future payments including debt agreements and operating lease obligations.

The following table summarizes our significant contractual obligations and commitments as of January 31, 2015. Except as set forth in the following table, we do not have any material long-term purchase obligations or other long-term liabilities that are reflected on our consolidated balance sheet as of January 31, 2015:

(in thousands)	Payments Due by Period				
	Less than 1 year	1-3 Years	3-5 Years	More than 5 years	Total
Long-term debt obligations	\$ 500	\$ 1,750	\$ 7,750	\$ —	\$ 10,000
Interest expense on long-term debt	831	1,340	995	—	3,166
Capital lease obligations (1)	858	550	—	—	1,408
Operating lease obligations	1,040	1,978	2,006	1,468	6,492
Total contractual obligations	\$ 3,229	\$ 5,618	\$ 10,751	\$ 1,468	\$ 21,066

(1) Future minimum lease payments include principal plus interest.

The estimated interest expense payments on long-term debt reflected in the table above are based on both the amount outstanding and the respective interest rates in effect as of January 31, 2015. Interest expense on the \$10,000,000 senior term loan, is computed based on an interest rate of 7.50%.

Liquidity and Capital Resources

The Company's liquidity is dependent upon numerous factors including: (i) the timing and amount of revenues and collection of contractual amounts from clients, (ii) amounts invested in research and development and capital expenditures, and (iii) the level of operating expenses, all of which can vary significantly from quarter-to-quarter. The Company's primary cash requirements include regular payment of payroll and other business expenses, principal and interest payments on debt, and capital expenditures. Capital expenditures generally include computer hardware and computer software to support internal development efforts or infrastructure in the SaaS data center. Operations are funded with cash generated by operations and borrowings under credit facilities. The Company believes that cash flows from operations and available credit facilities are adequate to fund current obligations for the next twelve months. Cash and cash equivalent balances at January 31, 2015 and 2014 were \$6,523,000 and \$17,925,000, respectively. Continued expansion may require the Company to take on additional debt, or raise capital through issuance of equities, or a combination of both. There can be no assurance the Company will be able to raise the capital required to fund further expansion.

The Company has additional liquidity through the Credit Agreement described in more detail in Note 6 to our consolidated financial statements included herein. The Company's primary operating subsidiary has a \$5,000,000 revolving line of credit that has not been drawn upon as of January 31, 2015. In order to draw upon the revolving line of credit, the Company's primary operating subsidiary must comply with customary financial covenants, including the requirement that the Company maintain minimum liquidity of at least (i) \$5,000,000 through April 15, 2015, (ii) \$6,500,000 from April 16, 2015 through and including July 30, 2015, (iii) \$7,000,000 from July 31, 2015 through and including January 30, 2016, and (iv) \$7,500,000 from January 31, 2016 through and including the maturity date of the credit facility, and achieve certain minimum EBITDA levels. Pursuant to the Credit Agreement's definition, the liquidity of the Company's primary operating subsidiary as of January 31, 2015 was \$11,523,000, which satisfies the minimum liquidity financial covenant in the Credit Agreement.

The Credit Agreement also requires the Company to achieve certain minimum EBITDA levels, measured on a quarter-end basis, of at least the required amounts in the table set forth in Note 6 to our consolidated financial statements included herein for the applicable period set forth therein. The required minimum EBITDA level for the period ended January 31, 2015 was \$0. The Company's actual EBITDA for this period was approximately negative \$987,000. The Company obtained a waiver from its lender as of April 15, 2015 for non-compliance with the minimum EBITDA covenant at January 31, 2015.

Based upon the borrowing base formula set forth in the Credit Agreement, as of January 31, 2015, the Company was able to access \$5,000,000 of the \$5,000,000 revolving line of credit.

The Credit Agreement expressly permits transactions between affiliates that are parties to the Credit Agreement, which includes the Company and its primary operating subsidiary, including loans made between such affiliate loan parties. However, the Credit Agreement prohibits the Company and its subsidiaries from declaring or paying any dividend or making any other payment or distribution, directly or indirectly, on account of equity interests issued by the Company if such equity interests: (a) mature or are mandatorily redeemable pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the loans and all other obligations that are accrued and payable upon the termination of the Credit Agreement), (b) are redeemable at the option of the holder thereof, in whole or in part, (c) provide for the scheduled payments of dividends in cash, or (d) are or become convertible into or exchangeable for indebtedness or any other equity interests that would constitute disqualified equity interests pursuant to clauses (a) through (c) hereof, in each case, prior to the date that is 180 days after the maturity date of the Credit Agreement.

Significant cash obligations

(in thousands)	Fiscal Year	
	2014	2013
Term loans	\$ 10,000	\$ 8,298
Note payable	—	900
Capital lease	1,365	227
Royalty liability	2,386	2,264

Please reference Note 3 — Acquisitions and Note 6 — Debt to our consolidated financial statements included in Item 8 for additional information.

Operating cash flow activities

(in thousands)	Fiscal Year		
	2014	2013	2012
Net loss	\$ (12,011)	\$ (11,717)	\$ (5,379)
Non-cash adjustments to net loss	8,499	11,159	7,978
Cash impact of changes in assets and liabilities	500	771	(2,714)
Annual operating cash flow	\$ (3,012)	\$ 213	\$ (115)

Net cash used in operating activities in fiscal 2014 increased primarily due to a decrease in profitability, particularly related to increased professional fees and occupancy costs, as well as increased personnel costs incurred in connection with the CLG and Unibased acquisitions. Net cash provided by operating activities in fiscal 2013 increased from prior year primarily due to a decrease in accounts receivables resulting from collections.

The Company's clients typically have been well-established hospitals or medical facilities or major health information system companies that resell the Company's solutions, which have good credit histories and payments have been received within normal time frames for the industry. However, some healthcare organizations have experienced significant operating losses as a result of limits on third-party reimbursements from insurance companies and governmental entities. Agreements with clients often involve significant amounts and contract terms typically require clients to make progress payments. Adverse economic events, as well as uncertainty in the credit markets, may adversely affect the availability of financing for some of our clients.

Investing cash flow activities

(in thousands)	Fiscal Year		
	2014	2013	2012
Purchases of property and equipment	\$ (2,125)	\$ (152)	\$ (577)
Capitalized software development costs	(620)	(614)	(2,000)
Payment for acquisitions, net of cash acquired	(6,058)	(3,000)	(12,162)
Annual investing cash flow	\$ (8,803)	\$ (3,766)	\$ (14,739)

The primary investing activities related to the acquisitions of Unibased, CLG and Meta in fiscal 2014, 2013 and 2012, respectively. The increase in purchases and equipment in fiscal 2014 primarily resulted from the transition to larger office space in Atlanta, as well as the purchase of equipment for our new data center in Atlanta.

The Company estimates that to replicate its existing internally-developed software would cost significantly more than the stated net book value of \$9,197,000, including acquired internally developed software of Interpoint, Meta, and Unibased, at January 31, 2015. Many of the programs related to capitalized software development continue to have significant value to our current solutions and those under development, as the concepts, ideas, and software code are readily transferable and are incorporated into new solutions.

Financing cash flow activities

(in thousands)	Fiscal Year		
	2014	2013	2012
Proceeds from term loans	\$ 10,000	\$ 4,958	\$ 9,880
Principal repayments on term loans	(8,298)	(10,348)	(313)
Principal repayments on note payable	(900)	—	—
Payment of deferred financing costs	(573)	(116)	(1,272)
Proceeds from private placement	—	—	12,000
Proceeds from the sale of common stock	—	20,587	—
Settlement of earn-out consideration	—	(1,300)	—
Other	184	197	(185)
Annual financing cash flow	\$ 413	\$ 13,978	\$ 20,110

The decrease in cash provided by financing activities in fiscal 2014 is primarily due to increased proceeds received from the sale of common stock in fiscal 2013. This difference is partially offset by both increased payments in fiscal 2013,

particularly related to the settlement of the earn-out consideration, and higher proceeds from term loans in fiscal 2014. The decrease in cash from financing in fiscal 2013 from prior year is primarily the result of higher repayments on term loans.

ITEM 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Foreign currency exchange risk. Certain of our contracts are denominated in Canadian dollars. As our Canadian sales have not historically been significant to our operations, we do not believe that changes in the Canadian dollar relative to the U.S. dollar will have a significant impact on our financial condition, results of operations or cash flows. We currently do not transact any other business in any currency other than the U.S. dollar. As we continue to grow our operations, we may increase the amount of our sales to foreign clients. Although we do not expect foreign currency exchange risk to have a significant impact on our future operations, we will assess the risk on a case-specific basis to determine whether any forward currency hedge instrument would be warranted.

Interest rate risk. We had outstanding borrowings on our term loan of \$10,000,000 as of January 31, 2015. The term loan bears interest at LIBOR plus an applicable margin. To the extent we do not hedge our variable rate debt, interest rates and interest expense could increase significantly. A hypothetical 100 basis point increase in LIBOR, which would represent potential interest rate change exposure on our outstanding term loan, would have resulted in an approximate \$20,000 increase to our interest expense for the entire fiscal year ended January 31, 2015.

ITEM 8. *Financial Statements And Supplementary Data*

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE COVERED BY REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Reports of Independent Registered Public Accounting Firms	33
Consolidated Balance Sheets at January 31, 2015 and 2014	35
Consolidated Statements of Operations for the three years ended January 31, 2015	37
Consolidated Statements of Comprehensive Loss for the three years ended January 31, 2015	38
Consolidated Statements of Changes in Stockholders' Equity for the three years ended January 31, 2015	39
Consolidated Statements of Cash Flows for the three years ended January 31, 2015	40
Notes to Consolidated Financial Statements	42
Schedule II — Valuation and Qualifying Accounts	69

All other financial statement schedules are omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Streamline Health Solutions, Inc:

We have audited the accompanying consolidated balance sheets of Streamline Health Solutions, Inc. and subsidiaries as of January 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended January 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Streamline Health Solutions, Inc. and subsidiaries as of January 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the two-year period ended January 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Streamline Health Solutions, Inc.'s internal control over financial reporting as of January 31, 2015, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 16, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Atlanta, Georgia
April 16, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Streamline Health Solutions, Inc.
Atlanta, Georgia

We have audited the accompanying consolidated statements of operations and comprehensive loss, changes in stockholders' equity and cash flows of Streamline Health Solutions, Inc. and subsidiaries (the "Company") for the year ended January 31, 2013. In connection with our audit of the financial statements, we have also audited the financial statement schedule for the year ended January 31, 2013 listed in the accompanying index. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Streamline Health Solutions, Inc. and subsidiaries for the year ended January 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule for the year ended January 31, 2013, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Chicago, Illinois
April 26, 2013

/s/ BDO USA, LLP

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	January 31	
	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,522,600	\$ 17,924,886
Accounts receivable, net of allowance for doubtful accounts of \$665,962 and \$267,264, respectively	6,935,270	7,999,571
Contract receivables	191,465	1,181,606
Prepaid hardware and third party software for future delivery	55,173	25,640
Prepaid client maintenance contracts	935,858	909,464
Other prepaid assets	1,437,680	1,407,515
Deferred income taxes	220,004	95,498
Other current assets	207,673	144,049
Total current assets	16,505,723	29,688,229
Non-current assets:		
Property and equipment:		
Computer equipment	2,381,923	3,769,564
Computer software	964,857	2,239,654
Office furniture, fixtures and equipment	683,443	889,080
Leasehold improvements	724,015	697,570
	4,754,238	7,595,868
Accumulated depreciation and amortization	(1,617,423)	(6,676,824)
Property and equipment, net	3,136,815	919,044
Contract receivables, less current portion	43,553	78,395
Capitalized software development costs, net of accumulated amortization of \$11,846,468 and \$7,949,352, respectively	9,197,118	10,238,357
Intangible assets, net	9,500,317	12,175,634
Deferred financing costs, net of accumulated amortization of \$13,677 and \$98,102, respectively	387,199	44,898
Goodwill	16,184,667	11,933,683
Other non-current assets	823,723	500,634
Total non-current assets	39,273,392	35,890,645
	\$ 55,779,115	\$ 65,578,874

See accompanying notes to consolidated financial statements.

	January 31,	
	2015	2014
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,298,851	\$ 1,796,418
Accrued compensation	865,865	1,782,599
Accrued other expenses	563,838	554,877
Current portion of long-term debt	500,000	1,214,280
Deferred revenues	9,289,076	9,658,232
Current portion of note payable	—	300,000
Current portion of capital lease obligation	781,961	105,573
Total current liabilities	14,299,591	15,411,979
Non-current liabilities:		
Term loans	9,500,000	6,971,767
Warrants liability	1,834,380	4,117,725
Royalty liability	2,385,826	2,264,000
Swap contract	—	111,086
Note payable	—	600,000
Lease incentive liability, less current portion	342,129	74,434
Capital lease obligation	582,911	121,089
Deferred revenues, less current portion	964,933	—
Deferred income tax liabilities	229,579	816,079
Total non-current liabilities	15,839,758	15,076,180
Total liabilities	30,139,349	30,488,159
Series A 0% Convertible Redeemable Preferred Stock, \$.01 par value per share, \$8,849,985 redemption value, 4,000,000 shares authorized, 2,949,995 issued and outstanding, net of unamortized preferred stock discount of \$2,212,007 and \$3,250,317, respectively	6,637,978	5,599,668
Stockholders' equity:		
Common stock, \$.01 par value per share, 45,000,000 shares authorized; 18,553,389 and 18,175,787 shares issued and outstanding, respectively	185,534	181,758
Additional paid in capital	78,390,424	76,983,088
Accumulated deficit	(59,574,170)	(47,562,713)
Accumulated other comprehensive loss	—	(111,086)
Total stockholders' equity	19,001,788	29,491,047
	\$ 55,779,115	\$ 65,578,874

See accompanying notes to consolidated financial statements.

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year		
	2014	2013	2012
Revenues:			
Systems sales	\$ 1,214,879	\$ 3,239,569	\$ 1,463,225
Professional services	2,580,167	3,641,731	3,792,569
Maintenance and support	16,157,371	13,986,566	11,211,197
Software as a service	7,672,990	7,626,837	7,299,812
Total revenues	<u>27,625,407</u>	<u>28,494,703</u>	<u>23,766,803</u>
Operating expenses:			
Cost of systems sales	3,536,495	3,142,525	2,747,230
Cost of services	3,458,984	4,052,113	3,087,997
Cost of maintenance and support	3,087,842	3,460,500	3,245,569
Cost of software as a service	2,920,403	2,523,184	2,512,156
Selling, general and administrative	16,225,574	14,546,335	10,060,469
Research and development	9,756,206	7,088,077	2,948,313
Impairment of intangible assets	1,952,000	—	—
Total operating expenses	<u>40,937,504</u>	<u>34,812,734</u>	<u>24,601,734</u>
Operating loss	(13,312,097)	(6,318,031)	(834,931)
Other income (expense):			
Interest expense	(748,969)	(1,765,813)	(1,957,010)
Loss on conversion of convertible notes	—	—	(5,970,002)
Loss on early extinguishment of debt	(429,849)	(160,713)	—
Miscellaneous income (expenses)	1,592,449	(3,573,091)	494,677
Loss before income taxes	(12,898,466)	(11,817,648)	(8,267,266)
Income tax benefit	887,009	100,458	2,888,537
Net loss	(12,011,457)	(11,717,190)	(5,378,729)
Less: deemed dividends on Series A Preferred Shares	(1,038,310)	(1,180,904)	(176,048)
Net loss attributable to common shareholders	<u>\$ (13,049,767)</u>	<u>\$ (12,898,094)</u>	<u>\$ (5,554,777)</u>
Basic net loss per common share	<u>\$ (0.71)</u>	<u>\$ (0.94)</u>	<u>\$ (0.48)</u>
Number of shares used in basic per common share computation	<u>18,261,800</u>	<u>13,747,700</u>	<u>11,634,540</u>
Diluted net loss per common share	<u>\$ (0.71)</u>	<u>\$ (0.94)</u>	<u>\$ (0.48)</u>
Number of shares used in diluted per common share computation	<u>18,261,800</u>	<u>13,747,700</u>	<u>11,634,540</u>

See accompanying notes to consolidated financial statements.

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

	Fiscal Year		
	2014	2013	2012
Net loss	\$ (12,011,457)	\$ (11,717,190)	\$ (5,378,729)
Other comprehensive gain (loss), net of tax:			
Fair value of interest rate swap liability	(3,436)	(111,086)	—
Reclassification adjustment for loss on settlement of interest rate swap liability realized in net loss	114,522	—	—
Other comprehensive income (loss)	\$ 111,086	\$ (111,086)	\$ —
Comprehensive loss	\$ (11,900,371)	\$ (11,828,276)	\$ (5,378,729)

See accompanying notes to consolidated financial statements.

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common stock shares	Common stock	Additional paid in capital	Accumulated deficit	Accumulated other comprehensive loss	Total stockholders' equity
Balance at January 31, 2012	10,433,716	\$ 104,338	\$ 38,360,980	\$ (30,466,794)	\$ —	\$ 7,998,524
Stock issued to Employee Stock Purchase Plan and exercise of stock options	149,764	1,497	281,131	—	—	282,628
Restricted stock issued	137,325	1,373	(1,373)	—	—	—
Conversion of note payable, Interpoint	1,529,729	15,297	3,100,885	—	—	3,116,182
Stock consideration for acquisition	393,086	3,931	1,497,678	—	—	1,501,609
Issuance of common stock warrants	—	—	2,441,852	—	—	2,441,852
Issuance costs	—	—	(263,072)	—	—	(263,072)
Reclassification of common stock warrants to liability	—	—	(4,138,783)	—	—	(4,138,783)
Beneficial conversion feature of Series A Preferred Stock	—	—	2,685,973	—	—	2,685,973
Share-based compensation expense	—	—	956,144	—	—	956,144
Deemed dividends on Series A Preferred Stock	—	—	(176,048)	—	—	(176,048)
Issuance of Series A Preferred Stock at fair value	—	—	9,182,652	—	—	9,182,652
Reclassification of preferred stock to temporary equity at redemption value	—	—	(4,749,630)	—	—	(4,749,630)
Net loss	—	—	—	(5,378,729)	—	(5,378,729)
Balance at January 31, 2013	12,643,620	\$ 126,436	\$ 49,178,389	\$ (35,845,523)	\$ —	\$ 13,459,302
Stock issued to Employee Stock Purchase Plan and exercise of stock options	602,469	6,025	1,350,035	—	—	1,356,060
Restricted stock issued	29,698	297	(297)	—	—	—
Conversion of Series A Preferred Stock	1,050,000	10,500	3,139,500	—	—	3,150,000
Stock consideration for earn-out settlement, Interpoint	400,000	4,000	2,696,000	—	—	2,700,000
Issuance of common stock	3,450,000	34,500	22,390,500	—	—	22,425,000
Common stock issuance costs	—	—	(1,838,381)	—	—	(1,838,381)
Warrant valuation adjustment	—	—	(412,352)	—	—	(412,352)
Interest rate swap	—	—	—	—	(111,086)	(111,086)
Share-based compensation expense	—	—	1,660,598	—	—	1,660,598
Deemed dividends on Series A Preferred Stock	—	—	(1,180,904)	—	—	(1,180,904)
Net loss	—	—	—	(11,717,190)	—	(11,717,190)
Balance at January 31, 2014	18,175,787	\$ 181,758	\$ 76,983,088	\$ (47,562,713)	\$ (111,086)	\$ 29,491,047
Stock issued to Employee Stock Purchase Plan and exercise of stock options	257,296	2,573	512,551	—	—	515,124
Restricted stock issued	120,306	1,203	(1,203)	—	—	—
Interest rate swap	—	—	—	—	111,086	111,086
Share-based compensation expense	—	—	1,934,298	—	—	1,934,298
Deemed dividends on Series A Preferred Stock	—	—	(1,038,310)	—	—	(1,038,310)
Net loss	—	—	—	(12,011,457)	—	(12,011,457)
Balance at January 31, 2015	18,553,389	\$ 185,534	\$ 78,390,424	\$ (59,574,170)	\$ —	\$ 19,001,788

See accompanying notes to consolidated financial statements.

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year		
	2014	2013	2012
Operating activities:			
Net loss	\$ (12,011,457)	\$ (11,717,190)	\$ (5,378,729)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities, net of effect of acquisitions:			
Depreciation	1,005,283	718,097	726,406
Amortization of capitalized software development costs	3,677,991	3,192,157	2,659,365
Amortization of intangible assets	1,396,317	1,341,734	583,535
Amortization of other deferred costs	189,107	385,461	241,478
Amortization of debt discount	47,552	4,327	111,583
Valuation adjustment for warrants liability	(2,283,345)	(140,928)	(489,434)
Deferred tax expense (benefit)	(720,582)	20,885	(2,935,522)
Valuation adjustment for contingent earn-out	—	3,580,441	86,839
Other valuation adjustments	128,855	(95,368)	—
Net loss from conversion of convertible notes	—	—	5,970,002
Loss on impairment of intangible assets	1,952,000	—	—
Loss from early extinguishment of debt	315,327	160,713	—
Loss on disposal of fixed assets	180,793	—	—
Loss on exit of operating lease	234,823	—	—
Share-based compensation expense	1,934,298	1,660,598	956,144
Provision for accounts receivable	440,771	330,907	67,464
Changes in assets and liabilities, net of assets acquired:			
Accounts and contract receivables	2,157,977	827,435	(2,923,242)
Other assets	(637,348)	(439,477)	(1,129,255)
Accounts payable	600,263	275,360	526,149
Accrued expenses	(1,422,571)	259,771	992,285
Deferred revenues	(197,698)	(152,210)	(180,200)
Net cash (used in) provided by operating activities	<u>(3,011,644)</u>	<u>212,713</u>	<u>(115,132)</u>
Investing activities:			
Purchases of property and equipment	(2,125,240)	(152,283)	(576,736)
Capitalization of software development costs	(619,752)	(614,028)	(1,999,676)
Payment for acquisition, net of cash acquired	(6,058,225)	(3,000,000)	(12,161,614)
Net cash used in investing activities	<u>(8,803,217)</u>	<u>(3,766,311)</u>	<u>(14,738,026)</u>
Financing activities:			
Proceeds from term loan	10,000,000	4,958,333	9,880,000
Principal repayments on term loans	(8,297,620)	(10,348,214)	(312,500)
Principal repayments on note payable	(900,000)	—	—
Principal payments on capital lease obligation	(368,386)	(34,391)	—
Payment of deferred financing costs	(573,002)	(115,900)	(1,271,862)
Proceeds from private placement	—	—	12,000,000
Proceeds from exercise of stock options and stock purchase plan	551,583	1,356,060	282,628
Settlement of earn-out consideration	—	(1,300,000)	—
Proceeds from the sale of common stock	—	20,586,619	—
Payment of debt success fee	—	(1,124,279)	(467,906)
Net cash provided by financing activities	<u>412,575</u>	<u>13,978,228</u>	<u>20,110,360</u>
(Decrease) increase in cash and cash equivalents	(11,402,286)	10,424,630	5,257,202
Cash and cash equivalents at beginning of year	17,924,886	7,500,256	2,243,054
Cash and cash equivalents at end of year	<u>\$ 6,522,600</u>	<u>\$ 17,924,886</u>	<u>\$ 7,500,256</u>

	Fiscal Year		
	2014	2013	2012
Supplemental cash flow disclosures:			
Interest paid	\$ 518,919	\$ 2,422,997	\$ 1,626,750
Income taxes (received) paid	\$ (80,467)	\$ 375,688	\$ 84,990
Supplemental disclosure of non-cash financing activities:			
Conversion of \$3,000,000 note payable to common shares	\$ —	\$ —	\$ 3,116,182
Conversion of 1,050,000 shares of Series A Preferred Stock to common shares	\$ —	\$ 3,150,000	\$ —
Issuance of 393,086 shares of common stock, as part of Meta purchase price	\$ —	\$ —	\$ 1,501,609
Issuance of 400,000 shares of common stock, as part of settlement of earn-out consideration	\$ —	\$ 2,700,000	\$ —
Issuance of \$900,000 note payable as part of settlement of earn-out consideration	\$ —	\$ 900,000	\$ —
Deemed dividends on Series A Preferred Stock	\$ 1,038,310	\$ 1,180,904	\$ 176,048
Issuance of warrants to placement agents	\$ —	\$ —	\$ 753,737
Reclassification of warrants from equity to warrants liability	\$ —	\$ —	\$ 4,138,783
Conversion of notes issued in conjunction with the private placement to Series A Preferred Stock, at fair value	\$ —	\$ —	\$ 9,182,652
Interest rate swap contract	\$ —	\$ 111,086	\$ —

See accompanying notes to consolidated financial statements.

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015, 2014 and 2013

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS

Streamline Health Solutions, Inc. and subsidiaries (the “Company”) operates in one segment as a provider of healthcare information technology through the licensing of its Electronic Health Information Management, Patient Financial Services, Coding and Clinical Documentation Improvement and other Workflow software applications and the use of such applications by software as a service. The Company also provides implementation and consulting services to complement its software solutions. The Company’s software and services enable hospitals and integrated healthcare delivery systems in the United States and Canada to capture, store, manage, route, retrieve, and process vast amounts of patient clinical, financial and other healthcare provider information.

Fiscal Year

All references to a fiscal year refer to the fiscal year commencing February 1 in that calendar year and ending on January 31 of the following year.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Streamline Health Solutions, Inc. and its wholly-owned subsidiaries, Streamline Health, Inc and Unibased Systems Architecture, Inc. All significant intercompany transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash demand deposits. Cash deposits are placed in Federal Deposit Insurance Corporation (“FDIC”) insured financial institutions. Cash deposits may exceed FDIC insured levels from time to time. For purposes of the Consolidated Balance Sheets and Consolidated Statements of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Receivables

Accounts and contract receivables are comprised of amounts owed to the Company for licensed software, professional services, including maintenance services and software as a service and are presented net of the allowance for doubtful accounts. The timing of revenue recognition may not coincide with the billing terms of the client contract, resulting in unbilled receivables or deferred revenues; therefore certain contract receivables represent revenues recognized prior to client billings. Individual contract terms with clients or resellers determine when receivables are due. For billings where the criteria for revenue recognition have not been met, deferred revenue is recorded until all revenue recognition criteria have been met.

Allowance for Doubtful Accounts

In determining the allowance for doubtful accounts, aged receivables are analyzed monthly by management. Each identified receivable is reviewed based upon the most recent information available, including client comments, if any, and the status of any open or unresolved issues with the client preventing the payment thereof. Corrective action, if necessary, is taken by the Company to resolve open issues related to unpaid receivables. During these monthly reviews, the Company determines the required allowances for doubtful accounts for estimated losses resulting from the unwillingness or inability of its clients or resellers to make required payments. The allowance for doubtful accounts was \$666,000 and \$267,000 at January 31, 2015 and 2014, respectively. The Company believes that its reserve is adequate, however results may differ in future periods.

Concessions Accrual

In determining the concession accrual, the Company evaluates historical concessions granted relative to revenue. The concession accrual was \$58,000 at both January 31, 2015 and 2014.

Bad debt expense for fiscal years 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Bad debt expense	\$ 440,771	\$ 330,907	\$ 67,464

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method, over the estimated useful lives of the related assets. Estimated useful lives are as follows:

Computer equipment and software	3-4 years
Office equipment	5 years
Office furniture and fixtures	7 years
Leasehold improvements	Term of lease

Depreciation expense for property and equipment in fiscal 2014, 2013 and 2012 was \$1,005,000, \$718,000 and \$726,000, respectively.

Normal repair and maintenance is expensed as incurred. Replacements are capitalized and the property and equipment accounts are relieved of the items being replaced or disposed of, if no longer of value. The related cost and accumulated depreciation of the disposed assets are eliminated and any gain or loss on disposition is included in the results of operations in the year of disposal.

Leases

On April 10, 2012, the Company entered into an amended lease obligation to lease 8,582 square feet of office space at 1230 Peachtree St. NE in Atlanta, Georgia. The lease commenced upon taking possession of the space and ends 72 months thereafter. The Company took possession of the space during the third quarter of fiscal 2012. Upon relocation, the Company completely vacated the previously leased premises within the same building. The provisions of the lease provide for rent abatement for the first four months of the lease term. Upon taking possession of the premises, the rent abatement was aggregated with the total expected rental payments, and is being amortized on a straight-line basis over the term of the lease.

On December 13, 2013, the Company entered into an amended lease obligation to lease 24,335 square feet of office space in the same building as the office space in Atlanta, Georgia. The lease commences upon taking possession of the space and ends 102 months thereafter. The Company took possession of the new space during the second quarter of fiscal 2014. Upon relocation, the Company completely vacated the previously leased premises within the building. The provisions of the lease provide for rent abatement for the first eight months of the lease term. Upon taking possession of the premises, the rent abatement and the unamortized balance of deferred rent associated with the previously leased premises will be aggregated with the total expected rental payments, and will be amortized on a straight-line basis over the term of the new lease.

On August 16, 2012, as part of the acquisition of Meta Health Technology, the Company assumed a lease agreement for office space of approximately 10,000 square feet in size, at 330 Seventh Ave., New York, New York. This lease term expired on August 31, 2014. During the third quarter of fiscal 2014, the Company relocated its New York office to 105 Madison Avenue, New York, New York. The lease commenced upon taking possession of the space and ends 63 months thereafter. The provisions of the lease for the new office space of 10,350 square feet provide for rent abatement for the first two months of the lease term. Upon taking possession of the premises, the rent abatement was aggregated with the total expected rental payments, and is being amortized on a straight-line basis over the term of the lease.

The Company has capital leases to finance office equipment and maintenance services purchases. The balance of fixed assets acquired under these capital leases is \$1,515,000 and \$261,000 as of January 31, 2015 and 2014, respectively, and the balance of accumulated depreciation is \$494,000 and \$76,000 for the respective periods. The amortization expense of leased assets is included in depreciation expense.

Debt Issuance Costs

Costs related to the issuance of debt are capitalized and amortized to interest expense on a straight-line basis, which is not materially different from the effective interest method, over the term of the related debt.

Interest Rate Swap

In December 2013, the Company entered into an interest rate swap agreement to hedge against interest rate exposure of its variable rate debt obligation. The interest rate swap settles any accrued interest for cash on the first day of each calendar month until expiration. At such dates, the differences to be paid or received on the interest rate swaps will be included in interest expense. The interest rate swap qualifies for cash flow hedge accounting treatment and as such, the change in the fair values of the interest rate swap is recorded on the Company's consolidated balance sheet as an asset or liability with the effective portion of the interest rate swaps' gains or losses reported as a component of other comprehensive loss and the ineffective portion reported in loss.

The fair value of the Company's interest rate swap is based on Level 2 inputs as described in ASC Topic 820, *Fair Value Measurements and Disclosures*, which include observable inputs such as dealer-quoted prices for similar assets or liabilities, and represents the estimated amount the Company would receive or pay to terminate the agreement taking into consideration various factors, including current interest rates, credit risk and counterparty credit risk.

During the third quarter of fiscal 2014, the interest rate swap was terminated prior to its maturity, and losses accumulated in other comprehensive loss were reclassified into earnings.

Impairment of Long-Lived Assets

The Company reviews the carrying value of the long-lived assets whenever facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. Among the factors the Company considers in making the evaluation are changes in market position and profitability. If facts and circumstances are present which may indicate impairment is probable, the Company will prepare a projection of the undiscounted cash flows of the specific asset and determine if the long-lived assets are recoverable based on these undiscounted cash flows. If impairment is indicated, an adjustment will be made to reduce the carrying amount of these assets to their fair value.

Capitalized Software Development Costs

Software development costs associated with the planning and designing phase of software development, including coding and testing activities necessary to establish technological feasibility, are classified as research and development and are expensed as incurred. Once technological feasibility has been determined, a portion of the costs incurred in development, including coding, testing, and quality assurance, are capitalized and subsequently reported at the lower of unamortized cost or net realizable value. The Company capitalized such costs, including interest, of \$620,000, \$614,000 and \$2,000,000 in fiscal 2014, 2013 and 2012, respectively. The Company acquired \$2,017,000 of internally developed software in 2014 through the acquisition of Unibased, and \$3,646,000 in 2012 through the acquisition of Meta, which is described in Note 3 - Acquisitions.

Amortization for the Company's legacy software systems is provided on a solution-by-solution basis over the estimated economic life of the software, typically five years, using the straight-line method. Amortization commences when a solution is available for general release to clients. Acquired internally developed software from the Interpoint, Meta, and Unibased acquisitions is amortized using the straight-line method.

Amortization expense on all internally developed software was \$3,678,000, \$3,192,000 and \$2,659,000 in fiscal 2014, 2013 and 2012, respectively, which included in the consolidated statements of operations as follows:

	Fiscal Year		
	2014	2013	2012
Amortization expense on internally developed software included in:			
Cost of systems sales	\$ 3,352,000	\$ 2,769,000	\$ 2,435,000
Cost of software as a service	326,000	423,000	224,000
Total amortization expense on internally developed software	\$ 3,678,000	\$ 3,192,000	\$ 2,659,000

Research and development expense, net of capitalized amounts, was \$9,756,000, \$7,088,000 and \$2,948,000 in fiscal 2014, 2013 and 2012, respectively.

Fair Value of Financial Instruments

The FASB's authoritative guidance on fair value measurements establishes a framework for measuring fair value, and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value based on the short-term maturity of these instruments. Cash and cash equivalents are classified as Level 1. The carrying amount of the Company's long-term debt approximates fair value since the interest rates being paid on the amounts approximate the market interest rate. Long-term debt and the interest rate swap are classified as Level 2. The initial fair value of royalty liability and warrants liability was determined by management with the assistance of an independent third-party valuation specialist, and by management thereafter. The fair value of warrants liability as of January 31, 2015 was also determined by management with the assistance of an independent third-party valuation specialist using a binomial model. The fair value of the royalty liability is determined based on the probability-weighted revenue scenarios for the Looking Glass® Clinical Analytics solution licensed from Montefiore Medical Center (discussed below). The contingent consideration for the royalty liability and warrants liability are classified as Level 3.

Revenue Recognition

The Company derives revenue from the sale of internally developed software either by licensing or by software as a service, through the direct sales force or through third-party resellers. Licensed, locally-installed, clients utilize the Company's support and maintenance services for a separate fee, whereas SaaS fees include support and maintenance. The Company also derives revenue from professional services that support the implementation, configuration, training, and optimization of the applications. Additional revenues are also derived from reselling third-party software and hardware components.

The Company recognizes revenue in accordance with ASC 985-605, *Software-Revenue Recognition* and ASC 605-25 *Revenue Recognition — Multiple-element arrangements*. The Company commences revenue recognition when the following criteria all have been met:

- Persuasive evidence of an arrangement exists,
- Delivery has occurred or services have been rendered,
- The arrangement fees are fixed or determinable, and
- Collection is considered probable.

If we determine that any of the above criteria have not been met, we will defer recognition of the revenue until all the criteria have been met. Maintenance and support and SaaS agreements entered into are generally non-cancelable, or contain significant penalties for early cancellation, although clients typically have the right to terminate their contracts for cause if the Company fails to perform material obligations. However, if non-standard acceptance periods or non-standard performance criteria, cancellation or right of refund terms are required, revenue is recognized upon the satisfaction of such criteria, as applicable.

Revenues from resellers are recognized gross of royalty payments to resellers.

Multiple Element Arrangements

The Company applies the provisions of Accounting Standards Update No. 2009-13, Revenue Recognition (Topic 605), "*Multiple-Deliverable Revenue Arrangements — a consensus of the FASB Emerging Issues Task Force*" ("ASU 2009-13"). ASU 2009-13 amended the accounting standards for revenue recognition for multiple deliverable revenue arrangements to:

- Provide updated guidance on how deliverables of an arrangement are separated, and how consideration is allocated;
- Eliminate the residual method and require entities to allocate revenue using the relative selling price method and;
- Require entities to allocate revenue to an arrangement using the estimated selling price ("ESP") of deliverables if it does not have vendor specific objective evidence ("VSOE") or third party evidence ("TPE") of selling price.

Terms used in evaluation are as follows:

- VSOE — the price at which an element is sold as a separate stand-alone transaction
- TPE — the price of an element, charged by another company that is largely interchangeable in any particular transaction
- ESP — the Company's best estimate of the selling price of an element of the transaction

The Company follows accounting guidance for revenue recognition of multiple-element arrangements to determine whether such arrangements contain more than one unit of accounting. Multiple-element arrangements require the delivery or performance of multiple solutions, services and/or rights to use assets. To qualify as a separate unit of accounting, the delivered item must have value to the client on a stand-alone basis. Stand-alone value to a client is defined in the guidance as those that can be sold separately by any vendor or the client could resell the item on a stand-alone basis. Additionally, if the arrangement includes a general right of return relative to the delivered item, delivery or performance of the undelivered item or items must be considered probable and substantially in the control of the vendor.

The Company has a defined pricing methodology for all elements of the arrangement and proper review of pricing to ensure adherence to Company policies. Pricing decisions include cross-functional teams of senior management, which uses market conditions, expected contribution margin, size of the client's organization, and pricing history for similar solutions when establishing the selling price.

Software as a Service

The Company uses ESP to determine the value for a software as a service arrangement as the Company cannot establish VSOE and TPE is not a practical alternative due to differences in functionality from the Company's competitors. Similar to proprietary license sales, pricing decisions rely on the relative size of the client purchasing the solution, and include calculating the equivalent value of maintenance and support on a present value basis over the term of the initial agreement period. Typically revenue recognition commences upon client go-live on the system, and is recognized ratably over the contract term.

System Sales

The Company uses the residual method to determine fair value for proprietary software license sold in a multi-element arrangement as the Company cannot establish fair value for all of the undelivered elements. Typically pricing decisions for proprietary software rely on the relative size and complexity of the client purchasing the solution. Third-party components are resold at prices based on a cost plus margin analysis. The proprietary software and third-party components do not need any significant modification to achieve its intended use. When these revenues meet all the criteria for revenue recognition, and are determined to be separate units of accounting revenue is recognized. Typically this is upon shipment of components or electronic download of software. Proprietary licenses are perpetual in nature, and license fees do not include rights to version upgrades, fixes or service packs.

Maintenance and Support Services

The maintenance and support components are not essential to the functionality of the software and clients renew maintenance contracts separately from software purchases at renewal rates materially similar to the initial rate charged for maintenance on the initial purchase of software. The Company uses VSOE of fair value to determine fair value of maintenance and support services. Rates are set based on market rates for these types of services, and the Company's rates are comparable to rates charged by its competitors, which is based on the knowledge of the marketplace by senior management. Generally, maintenance and support is calculated as a percentage of the list price of the proprietary license being purchased by a client. Clients have the option of purchasing additional annual maintenance service renewals each year for which rates are not materially different from the initial rate, but typically include a nominal rate increase based on the consumer price index. Annual maintenance and support agreements entitle clients to technology support, upgrades, bug fixes and service packs.

Term Licenses

We cannot establish VSOE fair value of the undelivered element in term license arrangements. However, as the only undelivered element is post-contract customer support, the entire fee is recognized ratably over the contract term. Typically, revenue recognition commences once the client goes live on the system. Similar to proprietary license sales, pricing decisions rely on the relative size of the client purchasing the solution. The software portion of our coding and clinical documentation improvement solutions generally does not require material modification to achieve their contracted function.

Professional Services

Professional services components that are not essential to the functionality of the software, from time to time, are sold separately by the Company. Similar services are sold by other vendors, and clients can elect to perform similar services in-house. When professional services revenues are a separate unit of accounting, revenues are recognized as the services are performed.

Professional services components that are essential to the functionality of the software, and are not considered a separate unit of accounting, are recognized in revenue ratably over the life of the client, which approximates the duration of the initial contract term. The Company defers the associated direct costs for salaries and benefits expense for professional services contracts. These deferred costs will be amortized over the identical term as the associated SaaS revenues. As of January 31, 2015 and 2014, the Company had deferred costs of \$570,000 and \$331,000, respectively, net of accumulated amortization of \$275,000 and \$110,000, respectively. Amortization expense of these costs was \$166,000, \$110,000 and \$35,000 in fiscal 2014, 2013 and 2012, respectively.

The Company uses VSOE of fair value based on the hourly rate charged when services are sold separately, to determine fair value of professional services. The Company typically sells professional services on an hourly-fee basis. The Company monitors projects to assure that the expected and historical rate earned remains within a reasonable range to the established selling price.

Concentrations

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist primarily of accounts receivable. The Company's accounts receivable are concentrated in the healthcare industry. However, the Company's clients typically are well-established hospitals, medical facilities, or major health information systems companies that resell the Company's solutions that have good credit histories. Payments from clients have been received within normal time frames for the industry. However, some hospitals and medical facilities have experienced significant operating losses as a result of limits on third-party reimbursements from insurance companies and governmental entities and extended payment of receivables from these entities is not uncommon.

To date, the Company has relied on a limited number of clients and remarketing partners for a substantial portion of its total revenues. The Company expects that a significant portion of its future revenues will continue to be generated by a limited number of clients and its remarketing partners.

The Company currently buys all of its hardware and some major software components of its healthcare information systems from third-party vendors. Although there are a limited number of vendors capable of supplying these components, management believes that other suppliers could provide similar components on comparable terms.

Business Combinations

The assets acquired, liabilities assumed, and contingent consideration are recorded at their fair value on the acquisition date with subsequent changes recognized in earnings. These estimates are inherently uncertain and are subject to refinement. Management develops estimates based on assumptions as a part of the purchase price allocation process to value the assets acquired and liabilities assumed as of the business combination date. As a result, during the preliminary purchase price measurement period, which may be up to one year from the business combination date, the Company may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. After the preliminary purchase price measurement period, the Company will record adjustments to assets acquired or liabilities assumed subsequent to the purchase price measurement period in operating expenses in the period in which the adjustments were determined.

The Company records acquisition and transaction related expenses in the period in which they are incurred. Acquisition and transaction related expenses primarily consist of legal, banking, accounting and other advisory fees of third parties related to potential acquisitions.

Goodwill and Intangible Assets

Goodwill and other intangible assets were recognized in conjunction with the Interpoint, Meta, CLG, and Unibased acquisitions. Identifiable intangible assets include purchased intangible assets with finite lives, which primarily consist of internally developed software, client relationships, supplier agreements, non-compete agreements, customer contracts, and license agreement. Finite-lived purchased intangible assets are amortized over their expected period of benefit, which generally ranges from one to 15 years, using the straight-line and undiscounted expected future cash flows methods. The indefinite-lived intangible asset relates to the Meta trade name, which was not amortized, but tested for impairment on at least

an annual basis. In fiscal 2014, Meta trade name was deemed impaired and its corresponding balance was fully written off (see Note 7 - Goodwill and Intangible Assets).

The Company assesses the useful lives and possible impairment of existing recognized goodwill and intangible assets when an event occurs that may trigger such a review. Factors considered important which could trigger a review include:

- significant under performance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for the overall business;
- identification of other impaired assets within a reporting unit;
- disposition of a significant portion of an operating segment;
- significant negative industry or economic trends;
- significant decline in the Company's stock price for a sustained period; and
- a decline in the market capitalization relative to the net book value.

Determining whether a triggering event has occurred involves significant judgment by the Company.

The Company assesses goodwill annually (during the fourth quarter), or more frequently when events and circumstances, such as the ones mentioned above, occur indicating that the recorded goodwill may be impaired. The Company did not note any of the above qualitative factors, which would be considered a triggering event for impairment. In assessing qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company assesses relevant events and circumstances that may impact the fair value and the carrying amount of a reporting unit. The identification of relevant events and circumstances and how these may impact a reporting unit's fair value or carrying amount involve significant judgments by management. These judgments include the consideration of macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, events which are specific to the Company, and trends in the market price of the Company's common stock. Each factor is assessed to determine whether it impacts the impairment test positively or negatively, and the magnitude of any such impact.

The two-step goodwill impairment test requires the Company to identify its reporting units and to determine estimates of the fair values of those reporting units as of the impairment testing date. Reporting units are determined based on the organizational structure the entity has in place at the date of the impairment test. A reporting unit is an operating segment or component business unit with the following characteristics: (a) it has discrete financial information, (b) segment management regularly reviews its operating results (generally an operating segment has a segment manager who is directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities, financial results, forecasts, or plans for the segment), and (c) its economic characteristics are dissimilar from other units (this contemplates the nature of the products and services, the nature of the production process, the type or class of customer for the products and services, and the methods used to distribute the products and services).

The Company determined that it has one operating segment and one reporting unit.

To conduct a quantitative two-step goodwill impairment test, the fair value of the reporting unit is first compared to its carrying value. If the reporting unit's carrying value exceeds its fair value, the Company performs the second step and records an impairment loss to the extent that the carrying value of goodwill exceeds its implied fair value. The Company estimates the fair value of its reporting unit using a blend of market and income approaches. The market approach consists of two separate methods, including reference to the Company's market capitalization, as well as the guideline publicly traded company method. The market capitalization valuation method is based on an analysis of the Company's stock price on and around the testing date, plus a control premium. The guideline public company method was made by reference to a list of publicly traded software companies providing services to healthcare organizations, as determined by management. The market value of common equity for each comparable company was derived by multiplying the price per share on the testing date by the total common shares outstanding, plus a control premium. Selected valuation multiples are then determined and applied to appropriate financial statistics based on the Company's historical and forecasted results. The Company estimates the fair value of its reporting unit using the income approach, via discounted cash flow valuation models which include, but are not limited to, assumptions such as a "risk-free" rate of return on an investment, the weighted average cost of capital of a market participant, and future revenue, operating margin, working capital and capital expenditure trends. Determining the fair values of reporting units and goodwill includes significant judgment by management, and different judgments could yield different results.

The Company performed its annual assessment of goodwill during the fourth quarter of fiscal 2014, using the two-step approach described above. The first step of the goodwill impairment test, used to identify potential impairment, compares the

fair value of a reporting unit with its carrying amount, including goodwill. Based on the analysis performed for step one, the fair value of the reporting unit exceeded the carrying amount of the reporting unit, including goodwill, and, therefore, an impairment loss was not recognized. As the Company passed step one of the analysis, step two was not required.

Severances

From time to time, we will enter into termination agreements with associates that may include supplemental cash payments, as well as contributions to health and other benefits for a specific time period subsequent to termination. In fiscal 2014, 2013 and 2012, we incurred \$666,000, \$384,000 and \$866,000 in severance expenses. At January 31, 2015 and 2014, we had accrued for \$159,000 and zero in severances, respectively.

Equity Awards

The Company accounts for share-based payments based on the grant-date fair value of the awards with compensation cost recognized as expense over the requisite vesting period. The Company incurred total annual compensation expense related to stock-based awards of \$1,934,000, \$1,661,000 and \$956,000 in fiscal 2014, 2013 and 2012, respectively.

The fair value of the stock options granted in fiscal 2014, 2013 and 2012 was estimated at the date of grant using a Black-Scholes option pricing model. Option pricing model input assumptions such as expected term, expected volatility, and risk-free interest rate impact the fair value estimate. Further, the forfeiture rate impacts the amount of aggregate compensation. These assumptions are subjective and are generally derived from external (such as, risk-free rate of interest) and historical data (such as, volatility factor, expected term, and forfeiture rates). Future grants of equity awards accounted for as stock-based compensation could have a material impact on reported expenses depending upon the number, value and vesting period of future awards.

The Company issues restricted stock awards in the form of Company common stock. The fair value of these awards is based on the market close price per share on the day of grant. The Company expenses the compensation cost of these awards as the restriction period lapses, which is typically a one-year service period to the Company.

Common Stock Warrants

As of January 31, 2014, the fair value of the common stock warrants was computed using the Black-Scholes option pricing model. The estimated fair value of the warrant liabilities as of January 31, 2015 was computed using Monte-Carlo simulations. Both valuations were based on assumptions regarding annual volatility, risk-free rate, dividend yield and expected life. The models also include assumptions to account for anti-dilutive provisions within the warrant agreement.

Comprehensive Loss

Total other comprehensive income (loss) for fiscal years 2014, 2013 and 2012 was \$111,000, \$(111,000) and zero, respectively. Total other comprehensive income (loss) relates to the change in the unrealized loss on the Company's interest rate swap arrangement. The Company's interest rate swap arrangement is further described in Note 6 - "Debt".

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax credit and loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. In assessing net deferred tax assets, the Company considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The Company establishes a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. See Note 8 - "Income Taxes" for further details.

The Company provides for uncertain tax positions and the related interest and penalties based upon management's assessment of whether certain tax positions are more likely than not to be sustained upon examination by tax authorities. At January 31, 2015, the Company believes it has appropriately accounted for any uncertain tax positions. As part of the Meta acquisition, the Company assumed a current liability for an uncertain tax position. The Company has recorded zero and \$181,000 of reserves for uncertain tax positions and corresponding interest and penalties as of January 31, 2015 and January 31, 2014, respectively.

Net Loss Per Common Share

The Company presents basic and diluted earnings per share (“EPS”) data for its common stock. Basic EPS is calculated by dividing the net loss attributable to shareholders of the Company by the weighted average number of shares of common stock outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares of common stock outstanding adjusted for the effects of all dilutive potential common shares comprised of options granted, unvested restricted stocks, warrants and convertible preferred stock. Potential common stock equivalents that have been issued by the Company related to outstanding stock options, unvested restricted stock and warrants are determined using the treasury stock method, while potential common shares related to Series A Convertible Preferred Stock are determined using the “if converted” method.

The Company's unvested restricted stock awards and Series A Convertible Preferred stock are considered participating securities under ASC 260, “Earnings Per Share” which means the security may participate in undistributed earnings with common stock. The Company's unvested restricted stock awards are considered participating securities because they entitle holders to non-forfeitable rights to dividends or dividend equivalents during the vesting term. The holders of the Series A Preferred Stock would be entitled to share in dividends, on an as-converted basis, if the holders of common stock were to receive dividends, other than dividends in the form of common stock. In accordance with ASC 260, a company is required to use the two-class method when computing EPS when a company has a security that qualifies as a “participating security.” The two-class method is an earnings allocation formula that determines EPS for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. In determining the amount of net earnings to allocate to common stock holders, earnings are allocated to both common and participating securities based on their respective weighted-average shares outstanding for the period. Diluted EPS for the Company's common stock is computed using the more dilutive of the two-class method or the if-converted method.

In accordance with ASC 260, securities are deemed to not be participating in losses if there is no obligation to fund such losses. For the years ended January 31, 2015, 2014 and 2013, the unvested restricted stock awards and the Series A Preferred Stock were not deemed to be participating since there was a net loss from operations for the years ended January 31, 2015, 2014 and 2013. As of January 31, 2015, 2014 and 2013, there were 2,949,995, 2,949,995 and 3,999,995 shares of preferred stock outstanding, respectively, each share is convertible into one share of the Company's common stock. For the years ended January 31, 2015, 2014 and 2013, the Series A Convertible Preferred Stock would have an anti-dilutive effect if included in Diluted EPS and, therefore, was not included in the calculation. As of January 31, 2015, 2014 and 2013, there were 120,306, 29,698 and 137,325 unvested restricted shares of common stock outstanding, respectively. These unvested restricted shares were excluded from the calculation as their effect would have been antidilutive.

The following is the calculation of the basic and diluted net loss per share of common stock:

	Fiscal Year		
	2014	2013	2012
Net loss	\$ (12,011,457)	\$ (11,717,190)	\$ (5,378,729)
Less: deemed dividends on Series A Preferred Stock	(1,038,310)	(1,180,904)	(176,048)
Net loss attributable to common shareholders	\$ (13,049,767)	\$ (12,898,094)	\$ (5,554,777)
Weighted average shares outstanding used in basic per common share computations	18,261,800	13,747,700	11,634,540
Stock options and restricted stock	—	—	—
Number of average shares used in diluted per common share computation	18,261,800	13,747,700	11,634,540
Basic net loss per share of common stock	\$ (0.71)	\$ (0.94)	\$ (0.48)
Diluted net loss per share of common stock	\$ (0.71)	\$ (0.94)	\$ (0.48)

Diluted loss per share exclude the effect of 2,437,323, 2,304,407 and 2,685,237 outstanding stock options in fiscal 2014, 2013 and 2012, respectively. The inclusion of these shares would be anti-dilutive. For the years ended January 31, 2015, 2014 and 2013, the outstanding common stock warrants of 1,400,000 would have an anti-dilutive effect if included in Diluted EPS and, therefore, were not included in the calculation.

Loss Contingencies

We are subject to the possibility of various loss contingencies arising in the course of business. We consider the likelihood of the loss or impairment of an asset or the incurrence of a liability as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss contingency is accrued when it is probable that a liability

has been incurred or an asset has been impaired and the amount of loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether to accrue for a loss contingency and adjust any previous accrual.

Recent Accounting Pronouncements

In August 2014, the FASB issued an accounting standard update relating to disclosures of uncertainties about an entity's ability to continue as a going concern. The update provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures in the event that there is such substantial doubt. The update will be effective for us on February 1, 2017.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This guidance is effective for us on February 1, 2017. Early adoption is not permitted. The guidance is to be applied using one of two retrospective application methods. We are currently evaluating the impact of the adoption of this accounting standard update on our internal processes, operating results, and financial reporting.

In July 2013, the FASB issued an accounting standard update relating to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This update amends existing GAAP that required in certain cases, an unrecognized tax benefit, or portion of an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward when such items exist in the same taxing jurisdiction. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date, and retrospective application is permitted. The Company adopted this update on January 31, 2014, and it did not have a material impact on our financial statements.

NOTE 3 — ACQUISITIONS

On August 16, 2012 the Company acquired substantially all of the outstanding stock of Meta Health Technology, Inc., a New York corporation ("Meta"). The Company paid a total purchase price of \$14,790,000, consisting of cash payment of \$13,288,000 and the issuance of 393,086 shares of the Company's common stock at an agreed upon price price of \$4.07 per share. The fair value of the common stock at the date of issuance was \$3.82. For the year ended January 31, 2013, the Company incurred \$1,306,000 of acquisition costs related to the Meta transaction, which were recorded in selling, general and administrative expense. These costs were primarily related to services provided by legal, financial, and accounting professional advisors and severances. As of October 31, 2012, the Company had acquired 100% of Meta's outstanding shares.

The acquisition of Meta represents the Company's on-going growth strategy, and is reflective of the solutions development process, which is led by the needs and requirements of clients and the marketplace in general. The Meta suite of solutions, when bundled with the Company's existing solutions, will help current and prospective clients better prepare for compliance with the ICD-10 transition. The Company believes that the integration of business analytics solutions with the coding solutions acquired in this transaction will position the Company to address the complicated issues of clinical analytics as clients prepare for the proposed changes in commercial and governmental payment models.

The purchase price is subject to certain adjustments related principally to the delivered working capital level, which was settled for \$394,000 in the fourth quarter of fiscal 2013, and indemnification provisions. Under the acquisition method of accounting, the purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date as follows:

	Balance at August 16, 2012
Assets purchased:	
Cash	\$ 1,126,000
Accounts receivable	2,300,000
Property and equipment	133,000
Other assets	513,000
Client relationships	4,464,000
Internally-developed software	3,646,000
Trade name (2)	1,588,000
Supplier agreements	1,582,000
Covenants not to compete	720,000
Goodwill (1), (2)	8,073,000
Total assets purchased	<u>\$ 24,145,000</u>
Liabilities assumed:	
Accounts payable and accrued liabilities	1,259,000
Deferred revenue obligation, net	3,494,000
Deferred tax liabilities	4,602,000
Net assets acquired	<u>\$ 14,790,000</u>
Consideration:	
Company common stock	\$ 1,502,000
Cash paid	13,288,000
Total consideration	<u>\$ 14,790,000</u>

- (1) Goodwill represents the excess of purchase price over the estimated fair value of net tangible and intangible assets acquired, which is not deductible for tax purposes.
- (2) See Note 7 - Goodwill and Intangible Assets for further changes in fiscal 2013. In fiscal 2014, Meta trade name was deemed impaired and its corresponding balance was fully written off.

The acquired operations of Meta are consolidated with the results of the Company from August 16, 2012. Due to the new deferred tax liabilities recorded as a result of the above purchase price allocation, the Company was able to reduce its valuation allowance by \$3,000,000 representing the significant deferred tax benefit recorded for the year ended January 31, 2013.

On October 25, 2013, we entered into a Software License and Royalty Agreement (the "Royalty Agreement") with Montefiore Medical Center ("Montefiore") pursuant to which it entered into an agreement for an exclusive, worldwide 15-year license of Montefiore's proprietary clinical analytics platform solution, Clinical Looking Glass® ("CLG"), now known as our Looking Glass® Clinical Analytics solution. In addition, Montefiore assigned to us the existing license agreement with a customer using CLG. As consideration under the Royalty Agreement, Streamline paid Montefiore a one-time initial base royalty fee of \$3,000,000, and we are obligated to pay on-going quarterly royalty amounts related to future sublicensing of CLG by Streamline. Additionally, Streamline has committed that Montefiore will receive at least an additional \$3,000,000 of on-going royalty payments within the first six and one-half years of the license term.

The Montefiore agreements were accounted for as a business combination with the purchase price representing the \$3,000,000 initial base royalty fee, plus the present value of the \$3,000,000 on-going royalty payment commitment. The purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimate fair values as of the acquisition date as follows:

	<u>Balance at October 25, 2013</u>
Assets purchased:	
License agreement	\$ 4,431,000
Existing customer relationship	408,000
Covenant not to compete	129,000
Working capital	124,000
Other assets	25,000
Goodwill (1)	108,000
Total assets purchased	<u>\$ 5,225,000</u>
Consideration:	
Cash paid	\$ 3,000,000
Future royalty commitment	2,225,000
Total consideration	<u>\$ 5,225,000</u>

(1) Goodwill represents the excess of purchase price over the estimated fair value of net tangible and intangible assets acquired, which is not deductible for tax purposes.

On February 3, 2014, we completed the acquisition of Unibased Systems Architecture, Inc. (“Unibased”), a provider of patient access solutions, including enterprise scheduling and surgery management software, for healthcare organizations throughout the United States, pursuant to an Agreement and Plan of Merger dated January 16, 2014 (the “Merger Agreement”) for a total purchase price of \$6,500,000, subject to net working capital and other customary adjustments. A portion of the total purchase price was withheld in escrow as described in the Merger Agreement for certain transaction and indemnification expenses.

Pursuant to the Merger Agreement, we acquired all of the issued and outstanding common stock of Unibased, and Unibased became a wholly-owned subsidiary of Streamline. Under the terms of the Merger Agreement, Unibased stockholders received cash for each share of Unibased common stock held. The preliminary purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date as follows:

	<u>Balance at February 3, 2014</u>
Assets purchased:	
Cash	\$ 59,000
Accounts receivable (2)	221,000
Other assets	61,000
Internally-developed software	2,017,000
Client relationships	647,000
Trade name	26,000
Goodwill (1)	4,251,000
Total assets purchased	<u>7,282,000</u>
Liabilities assumed:	
Accounts payable and accrued liabilities	362,000
Deferred revenue obligation, net	793,000
Deferred income taxes	9,000
Net assets acquired	<u>\$ 6,118,000</u>
Cash paid	<u>\$ 6,118,000</u>

(1) Goodwill represents the excess of purchase price over the estimated fair value of net tangible and intangible assets acquired, which is not deductible for tax purposes.

(2) During the fourth quarter of fiscal 2014, the Company recorded an immaterial correction of an error to reduce the accounts receivable acquired from Unibased by \$266,000, with the offset to goodwill.

In fiscal 2014, revenues and net loss from acquired Unibased operations totaled \$1,849,000 and \$414,000, respectively. The operating results of Unibased are not material for proforma disclosure.

On May 6, 2014, we signed a definitive asset purchase agreement with CentraMed, Inc., a California corporation (“CentraMed”). The definitive agreement provided for the purchase of substantially all of CentraMed’s assets related to its business of providing healthcare analytics and consulting services to hospitals, physicians and other providers. The agreement also provided that at closing we would pay \$4.8 million in cash for such assets and it included detailed representations, warranties and covenants, as well as indemnification and termination provisions customary for transactions of this type. On January 12, 2015, Streamline terminated the definitive agreement in accordance with our termination rights under the agreement. We incurred no termination penalties under the agreement as a result of the termination.

NOTE 4 — DERIVATIVE LIABILITIES

As discussed further in Note 15 - Private Placement Investment, in conjunction with the private placement investment, the Company issued common stock warrants exercisable for up to 1,200,000 of common stock at an exercise price of \$3.99 per share. The warrants were initially classified in stockholders' equity as additional paid-in capital at the allocated amount, net of allocated transaction costs, of \$1,425,000. Effective October 31, 2012, upon shareholder approval of anti-dilution provisions that reset the warrant's exercise price if a dilutive issuance occurs, the warrants were reclassified as non-current derivative liabilities. The fair value of the warrants was \$4,139,000 at October 31, 2012, with the difference between the fair value and carrying value recorded to additional paid-in capital. Effective as of the reclassification as derivative liabilities, the warrants are re-valued at each reporting date, with changes in fair value recognized in earnings each reporting period as a credit or charge to miscellaneous income (expense). The fair value of the warrants at January 31, 2015 and 2014 was \$1,834,000 and \$4,117,000, respectively. The change in fiscal 2014, 2013 and 2012 reflects \$2,283,000 and \$141,000 and \$489,000 respectively, of miscellaneous income recognized in the consolidated statements of operations as a result of decreases in the fair value of the warrants. The change in fiscal 2013 also reflects a valuation adjustment that increased the warrant liability by \$609,000, offset by decreases in Series A Preferred Stock (see Note 15) of \$197,000 and additional paid-in capital of \$412,000. The estimated fair value of the warrant liabilities as of January 31, 2015 was computed using Monte-Carlo simulations based on the following assumptions: annual volatility of 55%; risk-free rate of 0.8%, dividend yield of 0.0% and expected life of three years. The model also included assumptions to account for anti-dilutive provisions within the warrant agreement. The estimated fair value of the warrant liabilities as of January 31, 2014 was computed using the Black-Scholes option pricing model based on the following assumptions: annual volatility of 58.24%; risk-free rate of 1.07%, dividend yield of 0.0% and expected life of four years

During fiscal 2013, the Company recorded an immaterial correction of an error regarding the valuation of its common stock warrants originated during the third quarter of fiscal 2012 in conjunction with its private placement investment. The Company concluded there was a cumulative \$19,000 overstatement of the loss before income taxes on its consolidated statement of operations for the fiscal year ended January 31, 2013, as previously reported. The aforementioned cumulative \$19,000 overstatement has been recorded in the consolidated statement of operations for fiscal 2013. The January 31, 2013 consolidated balance sheet, as previously reported, reflects a \$51,000 overstatement of deferred financing costs, a cumulative \$150,000 understatement of deemed dividends on Series A Preferred Stock, and a \$609,000 overstatement of the Series A Preferred Stock and additional paid-in capital. These aforementioned consolidated balance sheet adjustments have been recorded on the January 31, 2014 consolidated balance sheet as presented herein. The Company concluded that the impact of the corrections were not quantitatively and qualitatively material to the prior and current fiscal years.

NOTE 5 — OPERATING LEASES

The Company rents office and data center space and equipment under non-cancelable operating leases that expire at various times through fiscal year 2022. Future minimum lease payments under non-cancelable operating leases for the next five fiscal years and thereafter are as follows:

	Facilities	Equipment	Fiscal Year Totals
2015	\$ 1,035,000	\$ 5,000	\$ 1,040,000
2016	969,000	2,000	971,000
2017	1,007,000	—	1,007,000
2018	1,039,000	—	1,039,000
2019	967,000	—	967,000
Thereafter	1,468,000	—	1,468,000
Total	<u>\$ 6,485,000</u>	<u>\$ 7,000</u>	<u>\$ 6,492,000</u>

Rent and leasing expense for facilities and equipment was \$1,652,000, \$1,333,000 and \$965,000 for fiscal years 2014, 2013 and 2012, respectively.

NOTE 6 — DEBT

Term Loan and Line of Credit

On August 16, 2012, the Company amended the subordinated credit agreement with Fifth Third Bank, whereby Fifth Third Bank provided the Company with a \$5,000,000 revolving line of credit, a \$5,000,000 senior term loan and a \$9,000,000 subordinated term loan, a portion of which was used to refinance the previously outstanding \$4,120,000 subordinated term loan with Fifth Third Bank. Additionally, as part of the refinancing in August 2012, the Company mutually agreed to settle the success fee included in the previous subordinated term loan for \$700,000. The difference between the \$233,000 success fee accrued through the date of the amendment and the amount paid was recorded to deferred financing costs and amortized over the term of the amended loan. The Company paid a commitment fee in connection with the senior term loan of \$75,000, which was included in deferred financing costs.

We were required to pay a success fee in accordance with the amended subordinated term loan, which was recorded in interest expense as accrued over the term of the loan. The success fee was due on the date the entire principal balance of the loan became due (August 16, 2014). The success fee was accrued in accordance with the terms of the loan in an amount necessary to provide the lender a 17% internal rate of return through the date the success fee became due. The accrued success fee of \$1,124,000 was paid when the subordinated term loan was paid in full, as described below.

In December 2013, we amended and restated our previously outstanding senior credit agreement and amended the subordinated credit agreement to increase the senior term loan to \$8,500,000, reduce the interest rates, and extend the maturity of the senior term loan and the revolving line of credit to December 1, 2018 and December 1, 2015, respectively. In January 2014, we paid the subordinated term loan in full. The outstanding senior term loan was secured by substantially all of our assets. The senior term loan principal balance was payable in monthly installments of \$101,000, which started in January 2014 and would have continued through the maturity date, with the full remaining unpaid principal balance due at maturity. Borrowings under the senior term loan bore interest at a rate of LIBOR plus 5.25%. However, as a result of our interest rate swap, the interest rate was fixed at 6.42% until October 27, 2014, when the interest rate swap agreement was terminated. Accrued and unpaid interest on the senior term loan was due monthly through maturity. We paid \$116,000 in closing fees in connection with this senior term loan, which was recorded as a debt discount and amortized to interest expense over the term of the loan using the effective interest method.

Borrowings under the revolving line of credit bore interest at a rate equal to LIBOR plus 3.50%. A commitment fee of 0.40% was on the unused revolving line of credit balance, and was payable quarterly.

On November 21, 2014, we entered into a Credit Agreement (the "Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent, and other lender parties thereto. Pursuant to the Credit Agreement, the lenders agreed to provide a \$10,000,000 senior term loan and a \$5,000,000 revolving line of credit to our primary operating subsidiary. Amounts outstanding under the Credit Agreement bear interest at either LIBOR or the base rate, as elected by the Company, plus an applicable margin. Subject to the Company's leverage ratio, the applicable LIBOR rate margin varies from 4.25% to 5.25%, and the applicable base rate margin varies from 3.25% to 4.25%. Pursuant to the terms of the amendment to the Credit Agreement entered into as of April 15, 2015, going forward the applicable LIBOR rate margin will vary from 4.25% to 6.25%, and the applicable base rate margin will vary from 3.25% to 5.25%. The term loan and line of credit mature on November 21, 2019 and provide support for working capital, capital expenditures and other general corporate purposes, including permitted acquisitions. At closing, the Company repaid indebtedness under its prior credit facility using approximately \$7,400,000 of the proceeds provided by the term loan. The prior credit facility with Fifth Third Bank was terminated concurrent with the entry of the Credit Agreement and unamortized debt financing costs and discount of \$315,000 associated with the terminated debt was included in loss on early extinguishment of debt. Financing costs of \$401,000 associated with the new credit facility are being amortized over its term on a straight-line basis, which is not materially different from the effective interest method.

The Credit Agreement includes customary financial covenants, including the requirements that the Company maintain minimum liquidity and achieve certain minimum EBITDA levels. In addition, the credit facility prohibits the Company from paying dividends on the common and preferred stock. For the four-quarter period ended January 31, 2015, the required minimum EBITDA was zero. The Company obtained a waiver from its lender for non-compliance with the minimum EBITDA covenant at January 31, 2015. Concurrently, in April 2015 the Credit Agreement was amended to increase the applicable LIBOR rate margin, which will vary from 4.25% to 6.25%, and to reset the financial covenants. As such, the Company is required to maintain minimum liquidity of at least (i) \$5,000,000 through April 15, 2015, (ii) \$6,500,000 from April 16, 2015

through and including July 30, 2015, (iii) \$7,000,000 from July 31, 2015 through and including January 30, 2016, and (iv) \$7,500,000 from January 31, 2016 through and including the maturity date of the credit facility.

The following table shows our future minimum EBITDA covenant thresholds, as modified by the amendment to the Credit Agreement:

For the four-quarter period ending	Minimum EBITDA
April 30, 2015	\$ (2,500,000)
July 31, 2015	(1,750,000)
October 31, 2015	(750,000)
January 31, 2016	500,000

For the four-quarter period ending April 30, 2016, and fiscal quarters thereafter, the minimum EBITDA will be determined within 30 days following delivery of, and based upon, the projections then most recently delivered by the Company.

As of January 31, 2015, the Company had no outstanding borrowings under the revolving line of credit, and had accrued \$5,000 in unused balance commitment fees.

Note Payable

In November 2013, as part of the settlement of the earn-out consideration in connection with the Interpoint acquisition described below, we issued an unsecured, subordinated three-year note in the amount of \$900,000 ("Note Payable") that would mature on November 1, 2016 and accrued interest on the unpaid principal amount outstanding at a per annum rate equal to 8%. Annual principal payments of \$300,000 were due on November 1, 2014, 2015 and 2016. At closing of the Credit Agreement with Wells Fargo described above, we repaid our indebtedness under this note using approximately \$600,000 of the proceeds provided by the term loan.

Outstanding principal balances on debt consisted of the following at:

	January 31, 2015	January 31, 2014
Senior term loan (1)	\$ 10,000,000	\$ 8,298,000
Note payable	—	900,000
Capital lease	1,365,000	227,000
Total	11,365,000	9,425,000
Less: Current portion	1,282,000	1,620,000
Non-current portion of long-term debt	\$ 10,083,000	\$ 7,805,000

(1) January 31, 2014 balance represents total principal due, therefore it is not reduced by the debt discount of \$112,000. In the consolidated balance sheets, the term loan is presented net of this discount.

Future repayments of long-term debt by fiscal year consisted of the following at January 31, 2015:

	Senior Term Loan	Capital Lease (1)	Total
2015	\$ 500,000	\$ 858,000	\$ 1,358,000
2016	750,000	457,000	1,207,000
2017	1,000,000	93,000	1,093,000
2018	1,000,000	—	1,000,000
2019	6,750,000	—	6,750,000
Total repayments	\$ 10,000,000	\$ 1,408,000	\$ 11,408,000

(1) Future minimum lease payments include principal plus interest.

Contingent Earn-Out Provision

As part of the asset purchase, Interpoint was entitled to receive additional consideration contingent upon certain financial performance measurements during a one year earn-out period commencing July 1, 2012 and ending on June 30, 2013. The

earn-out consideration was calculated as twice the recurring revenue for the earn-out period recognized by the acquired Interpoint operations from specific contracts defined in the asset purchase agreement, plus one times Interpoint revenue derived from the Company's customers, less \$3,500,000. The earn-out consideration was due no later than July 31, 2013 in cash or through the issuance of a note with terms identical to the terms of the Convertible Note except with respect to issue date, conversion date and prepayment date. The earn-out note restricts conversion or prepayment at any time prior to the one year anniversary of the issue date.

The Company agreed to a final earn-out and paid Interpoint an aggregate consideration consisting of \$1,300,000 in cash, the issuance of 400,000 shares of Company common stock on January 1, 2014, and the Note Payable.

In November 2013, the Company agreed to a final earn-out and paid Interpoint an aggregate consideration consisting of \$1,300,000 in cash, a \$900,000 Note Payable, and 400,000 shares that were valued at \$2,700,000 based upon the closing price of the Company's common stock on January 2, 2014. A cumulative change in value of the earn-out of \$3,580,000 was recorded to miscellaneous (expense) income in fiscal 2013.

Convertible Subordinated Notes Payable, Private Placement Investment

On August 16, 2012, in connection with the \$12,000,000 private placement investment ("private placement investment") with affiliated funds and accounts of Great Point Partners, LLC, and Noro-Moseley Partners VI, L.P., and another investor, the Company issued convertible subordinated notes payable in the aggregate principal amount of \$5,699,577, which upon shareholder approval, convert into up to 1,583,220 shares of Series A Preferred Stock. The allocation of the proceeds to the subordinated convertible notes resulted in a debt discount of \$1,934,000, which will be amortized over the period from issue date to maturity date using the effective interest rate method. The Company recorded \$112,000 of debt discount amortization in fiscal 2012. On November 1, 2012, upon shareholder approval, the convertible subordinated notes were converted into shares of Series A Preferred Stock. The convertible subordinated notes had an aggregate principal amount of \$5,699,577 and converted into an aggregate of 1,583,210 shares of Preferred Stock. The Company incurred a loss upon conversion of \$5,913,000 on November 1, 2012. For further detail on this transaction see also Note 15 - Private Placement Investment.

Interest Rate Swap

As of January 31, 2014, the Company maintained one effective hedging relationship via one distinct interest rate swap agreement (maturing December 1, 2020), which required the Company to pay interest at a fixed rate of 6.42% and receive interest at a variable rate. This interest rate swap agreement was designated to hedge \$8,500,000 of a variable rate debt obligation. The one-month LIBOR rate on each reset date determined the variable portion of the interest rate swap for the following month. The interest rate swap settled any accrued interest for cash on the first day of each calendar month, until expiration. At such dates, the differences to be paid or received on the interest rate swap were included in interest expense. No premium or discount was incurred upon the Company entering into the interest rate swap, because the pay and receive rates on the interest rate swap represented prevailing rates for the counterparty at the time the interest rate swap was entered into.

The interest rate swap qualified for cash flow hedge accounting treatment and as such, the Company had effectively hedged its exposure to variability in the future cash flows attributable to the one-month LIBOR on its \$8,500,000 of variable rate obligation. The change in the fair value of the interest rate swap was recorded on the Company's consolidated balance sheet as an asset or liability with the effective portion of the interest rate swap's gains or losses reported as a component of other comprehensive loss and the ineffective portion reported in earnings (interest expense). As of January 31, 2014, the Company had a fair value liability of \$111,000 for the effective portion of the interest rate swap. During the third quarter of fiscal 2014, the interest rate swap was terminated prior to its maturity, and losses accumulated in other comprehensive loss were reclassified into earnings.

NOTE 7 — GOODWILL AND INTANGIBLE ASSETS

The goodwill activity is summarized as follows:

	Goodwill
Balance January 31, 2013	\$ 12,133,000
Goodwill acquired during the year	108,000
Adjustments to goodwill during the year	(307,000)
Balance January 31, 2014	11,934,000
Goodwill acquired during the year	4,251,000
Balance January 31, 2015	<u>\$ 16,185,000</u>

Intangible assets, net, consist of the following:

	January 31, 2015			
	Estimated Useful Life	Gross Assets	Accumulated Amortization	Net Assets
Definite-lived assets:				
Trade name	1 year	\$ 26,000	\$ 26,000	\$ —
Client relationships	10-15 years	5,932,000	1,548,000	4,384,000
Covenants not to compete	0.5-15 years	856,000	606,000	250,000
Supplier agreements	5 years	1,582,000	778,000	804,000
License agreement	15 years	4,431,000	369,000	4,062,000
Total		\$ 12,827,000	\$ 3,327,000	\$ 9,500,000

	January 31, 2014			
	Estimated Useful Life	Gross Assets	Accumulated Amortization	Net Assets
Indefinite-lived assets:				
Trade name	N/A	\$ 1,952,000	\$ —	\$ 1,952,000
Definite-lived assets:				
Client relationships	10-15 years	\$ 5,285,000	\$ 862,000	\$ 4,423,000
Covenants not to compete	0.5-15 years	856,000	533,000	323,000
Supplier agreements	5 years	1,582,000	461,000	1,121,000
License agreement	15 years	4,431,000	74,000	4,357,000
Total		\$ 14,106,000	\$ 1,930,000	\$ 12,176,000

During fiscal 2013, the Company recorded a correction of an error of the original valuation of the Meta trade name indefinite-lived intangible asset. The result of this error was an undervaluation of the trade name of \$364,000, with the offset to goodwill. This balance sheet adjustment has been recorded on the January 31, 2014 consolidated balance sheet as presented herein. The Company concluded that the impact of the corrections were not quantitatively and qualitatively material to the prior and current fiscal years.

In fiscal 2014, management evaluated that the concerted effort to rebrand the Company's solutions under a single, harmonized Looking Glass® marketing platform moving forward, eroded, in total, the value of the Meta Trade name. As a result, the Company recorded a \$1,952,000 loss, which is reflected in Impairment of intangible assets on the Consolidated Statements of Operations.

Amortization over the next five fiscal years for intangible assets is estimated as follows:

	Annual Amortization Expense
2015	\$ 1,345,000
2016	1,298,000
2017	1,088,000
2018	863,000
2019	826,000
Thereafter	4,080,000
Total	\$ 9,500,000

NOTE 8 — INCOME TAXES

Income taxes consist of the following:

	Fiscal Year		
	2014	2013	2012
Current tax benefit (expense):			
Federal	\$ 131,816	\$ (8,705)	\$ (9,391)
State	34,611	130,048	(37,594)
	<u>166,427</u>	<u>121,343</u>	<u>(46,985)</u>
Deferred tax benefit (expense):			
Federal	663,681	26,491	2,642,580
State	56,901	(47,376)	292,942
	<u>720,582</u>	<u>(20,885)</u>	<u>2,935,522</u>
Current and deferred income tax benefit	<u>\$ 887,009</u>	<u>\$ 100,458</u>	<u>\$ 2,888,537</u>

The income tax benefit for income taxes differs from the amount computed using the federal statutory income tax rate as follows:

	Fiscal Year		
	2014	2013	2012
Federal tax benefit at statutory rate	\$ 4,385,479	\$ 4,018,000	\$ 2,810,870
State and local taxes, net of federal benefit	325,966	488,626	255,348
Change in valuation allowance	(4,030,864)	(3,659,160)	2,000,295
Permanent items:			
Loss from conversion of notes payable	—	—	(1,937,411)
Incentive stock options	(421,366)	(343,117)	—
Transaction costs	(5,291)	(78,476)	(339,320)
Change in fair value of warrants liability	776,337	(159,249)	166,408
Other	(44,719)	(351,857)	(45,540)
Reserve for uncertain tax position	164,127	(11,642)	—
Other	(262,660)	197,333	(22,113)
Income tax benefit	<u>\$ 887,009</u>	<u>\$ 100,458</u>	<u>\$ 2,888,537</u>

The Company provides deferred income taxes for temporary differences between assets and liabilities recognized for financial reporting and income tax purposes. The income tax effects of these temporary differences and credits are as follows:

	January 31,	
	2015	2014
Deferred tax assets:		
Allowance for doubtful accounts	\$ 245,252	\$ 98,661
Deferred revenue	372,275	19,561
Accruals	174,658	351,827
Net operating loss carryforwards	14,905,174	7,763,718
Stock compensation expense	438,659	362,145
Property and equipment	—	147,691
AMT credit	102,144	102,144
Other	8,912	62,783
Total deferred tax assets	16,247,074	8,908,530
Valuation allowance	(12,554,242)	(7,666,626)
Net deferred tax assets	3,692,832	1,241,904
Deferred tax liabilities:		
Property and Equipment	(21,755)	—
Definite-lived intangible assets	(3,671,077)	(1,241,904)
Indefinite-lived intangibles	(9,575)	(720,581)
Total deferred tax liabilities	(3,702,407)	(1,962,485)
Net deferred tax liabilities	\$ (9,575)	\$ (720,581)

At January 31, 2015, the Company had U.S. federal net operating loss carry forwards of \$40,944,000, which expire at various dates through fiscal 2034. The Company also has an Alternative Minimum Tax net operating loss carry forward of \$40,944,000, which has an unlimited carry forward period. The Company also had state net operating loss carry forwards of \$20,710,000, which expire on or before fiscal 2034.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Company established a valuation allowance of \$12,554,000, \$7,667,000 and \$7,835,000 at January 31, 2015, 2014 and 2013, respectively. The increase in the valuation allowance of \$4,887,000 was driven primarily by losses incurred during the year ended January 31, 2015. Management believes it is more likely than not the Company will realize the remaining deferred tax assets, net of existing valuation allowances, in future years.

Due to the reporting requirements of ASC 718, \$1,592,000, tax effected \$588,000 of the net operating loss carryforward is not recorded on the Company's balance sheet because the loss was created by the tax benefits of stock option exercises, which cannot be recognized for book purposes until the benefit has been realized by actually reducing taxes payable. When recognized, the tax benefit of these losses will be accounted for as a credit to additional paid in capital rather than a reduction of the income tax provision.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income taxes in multiple state and local jurisdictions. The Company has concluded all U.S. federal tax matters for years through January 31, 2010. All material state and local income tax matters have been concluded for years through January 31, 2009.

The Company has recorded a reserve, including interest and penalties, for uncertain tax positions of zero and \$181,000 as of January 31, 2015 and January 31, 2014, respectively. As of January 31, 2015 and 2014, the Company had zero and \$60,000, respectively, of accrued interest and penalties associated with unrecognized tax benefits. In fiscal 2012, a reserve was recorded in purchase accounting as part of the Meta acquisition on August 16, 2012. In fiscal 2014, this reserve was reversed due to the lapses in statutes of limitations, which resulted in a \$181,000 tax benefit.

A reconciliation of the beginning and ending amounts of gross unrecognized tax benefits (excluding interest and penalties) is as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Beginning of fiscal year	\$ 121,000	\$ 122,000	\$ —
Additions for tax positions of prior years	—	—	122,000
Reductions for tax positions of prior years	—	(1,000)	—
Reductions attributable to lapse of statute of limitations	(121,000)	—	—
End of fiscal year	<u>\$ —</u>	<u>\$ 121,000</u>	<u>\$ 122,000</u>

NOTE 9 — MAJOR CLIENTS

During fiscal year 2014, no individual client accounted for 10% or more of our total revenues. Two clients represented 16% and 10%, respectively, of total accounts receivable as of January 31, 2015.

During fiscal year 2013, one client, Montefiore Medical Center, accounted for 11% of total revenues. Two clients represented 13% and 9%, respectively, of total accounts receivable as of January 31, 2014.

During fiscal year 2012, two clients accounted for 7% and 5%, respectively, of total revenues. Two clients represented 16% and 11%, respectively, of total accounts receivable as of January 31, 2013.

NOTE 10 — EMPLOYEE RETIREMENT PLAN

The Company has established a 401(k) retirement plan that covers all associates. Company contributions to the plan may be made at the discretion of the board of directors. The Company matches 100% up to the first 4% of compensation deferred by each associate in the 401(k) plan. The total compensation expense for this matching contribution was \$440,000, \$370,000 and \$289,000 in fiscal 2014, 2013 and 2012, respectively.

NOTE 11 — EMPLOYEE STOCK PURCHASE PLAN

The Company has an Employee Stock Purchase Plan under which associates may purchase up to 1,000,000 shares of common stock. Under the plan, eligible associates may elect to contribute, through payroll deductions, up to 10% of their base pay to a trust during any plan year, i.e., July 1 through June 30 of the following year through June 30, 2013, and January 1 through December 31 of the same year beginning January 1, 2014. Semi-annually, typically in January and July of each year, the plan issues for the benefit of the employees shares of common stock at the lesser of (a) 85% of the fair market value of the common stock on the first day of the vesting period, January 1 or July 1, or (b) 85% of the fair market value of the common stock on the last day of the vesting period, June 30 or December 31 of the same year. At January 31, 2015, 97,285 shares remain that can be purchased under the plan.

The Company recognized compensation expense of \$14,000, \$42,000 and \$32,000 for fiscal years 2014, 2013 and 2012, respectively, under this plan.

During fiscal 2014, 11,141 shares were purchased at the price of \$4.08 per share and 9,900 shares were purchased at the price of \$3.68 per share; during fiscal 2013, 36,858 shares were purchased at the price of \$3.17 per share and 9,115 shares were purchased at the price of \$5.67 per share. The cash received for shares purchased from the plan was \$82,000 and \$169,000 and \$76,000 in fiscal 2014, 2013 and 2012, respectively.

The purchase price at June 30, 2015, will be 85% of the lower of (a) the closing price on January 2, 2015 (\$4.05) or (b) of the closing price on June 30, 2015.

NOTE 12 — STOCK BASED COMPENSATION

Stock Option Plans

The Company's 2005 and 2013 Incentive Compensation Plans, which authorizes the Company to issue up to 4,500,000 equity awards (stock options, stock appreciation rights or "SAR's", and restricted stock) to directors and associates of the Company. The options granted have terms of ten years or less, and typically vest and become fully exercisable ratably over three years of continuous service to the Company from the date of grant. At January 31, 2015 and 2014, options to purchase 1,737,323 and 1,473,425 shares of the Company's common stock have been granted, respectively, and are outstanding under the plans. There are no SAR's outstanding under the plans. Please see "Restricted Stock" section for more information on restricted shares.

In fiscal 2014 and 2013, executive inducement grants were approved by the Company's Board of Directors pursuant to NASDAQ Marketplace Rule 5635(c)(4). The terms of the grant are nearly as practicable identical to the terms and conditions of the Company's 2005 and 2013 Incentive Compensation Plans. For the year ended January 31, 2015, 300,000 stock options were issued, 125,694 options expired, 99,722 were forfeited, and 205,566 were exercised. For the year ended January 31, 2014, zero stock options were issued, 186,790 options were forfeited, and 105,556 were exercised. For the year ended January 31, 2013, 675,000 stock options were issued, 177,783 options expired, and 88,889 were exercised. At January 31, 2015 and 2014, there were 700,000 and 830,982 options outstanding, respectively. Please see "Restricted Stock" section for information on the restricted shares.

A summary of stock option activity is summarized as follows:

	Fiscal Year	
	2014	
	Options	Weighted Average Exercise Price
Outstanding — beginning of year	2,304,407	4.46
Granted	1,318,078	4.95
Exercised	(246,155)	1.91
Expired	(168,060)	5.31
Forfeited	(770,947)	5.75
Outstanding — end of year	2,437,323	4.52
Exercisable — end of year	1,192,220	3.83
Aggregate intrinsic value of outstanding options at year end	\$ 9,798,038	
Aggregate intrinsic value of exercisable options at year end	\$ 4,792,724	

For fiscal 2014, 2013 and 2012, the weighted average grant date fair value of options granted during year was \$2.90, \$4.42 and \$2.02, respectively, and the total intrinsic value of options exercised during the year was \$990,000, \$2,673,000 and \$570,000, respectively.

The fiscal 2014, 2013 and 2012 stock-based compensation was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for each fiscal year:

	2014	2013	2012
Expected life	6 years	6 years	5 years
Risk-free interest rate	1.35%	1.81%	0.35%
Weighted average volatility factor	0.60	0.66	0.57
Dividend yield	—	—	—
Forfeiture rate	22%	21%	—

	Number of Options	Average Exercise Price	Remaining Life in Years
January 31, 2015			
Outstanding	2,437,323	\$ 4.52 ⁽¹⁾	7.91
Exercisable	1,192,220	\$ 3.83 ⁽²⁾	6.67

(1) The exercise prices range from \$1.65 to \$8.17, of which 463,924 shares are between \$1.65 and \$2.00 per share, 519,978 shares are between \$2.08 and \$4.00 per share, and 1,453,421 shares are between \$4.08 and \$8.17 per share.

(2) The exercise prices range from \$1.65 to \$8.17, of which 454,424 shares are between \$1.65 and \$2.00 per share, 280,667 shares are between \$2.08 and \$4.00 per share, and 457,129 shares are between \$4.08 and \$8.17 per share.

At January 31, 2015, there was \$2,479,000 of compensation cost that has not yet been recognized related to non-vested stock-option awards. That cost is expected to be recognized over a remaining weighted average period of 2.0 years. The expense associated with stock option awards was \$1,655,000, \$1,507,000, and \$664,000, respectively, for fiscal 2014, 2013 and

2012. Cash received from exercise of options and the employee stock purchase plan was \$552,000, \$1,356,000 and \$283,000, respectively, in fiscal 2014, 2013 and 2012.

The 2005 and 2013 Incentive Compensation Plans contain change in control provisions whereby any outstanding equity awards under the plans subject to vesting, which have not fully vested as of the date of the change in control, shall automatically vest and become immediately exercisable. One of the change in control provisions is deemed to occur if there is a change in beneficial ownership, or authority to vote, directly or indirectly, securities representing 20% or more of the total of all of the Company's then outstanding voting securities, unless through a transaction arranged by, or consummated with the prior approval of the Board of Directors. Other change in control provisions relate to mergers and acquisitions or a determination of change in control by the Company's Board of Directors.

Restricted Stock

The Company grants restricted stock awards under the 2013 Incentive Compensation Plan to associates and members of the board of directors. The Company has also issued restricted shares as inducement grants to executives. The restrictions on the shares granted generally lapse over a one-year term of continuous employment from the date of grant. The grant date fair value per share of restricted stock, which is the stock price on the grant date, is expensed on a straight-line basis as the restriction period lapses. The shares represented by restricted stock awards are considered outstanding at the grant date, as the recipients are entitled to voting rights. A summary of restricted stock award activity for the period is presented below:

	Non-vested Number of Shares	Weighted Average Grant Date Fair Value
Non-vested balance at January 31, 2012	126,457	\$ 1.68
Granted	137,325	2.01
Vested	(126,457)	1.79
Forfeited/expired	—	—
Non-vested balance at January 31, 2013	137,325	\$ 2.01
Granted	29,698	6.65
Vested	(137,325)	2.01
Forfeited/expired	—	—
Non-vested balance at January 31, 2014	29,698	\$ 6.01
Granted	120,306	4.31
Vested	(29,698)	6.65
Forfeited/expired	—	—
Non-vested balance at January 31, 2015	120,306	\$ 4.31

At January 31, 2015, there was \$372,000 of compensation cost that has not yet been recognized related to restricted stock awards. That cost is expected to be recognized over a remaining period of one year or less.

The expense associated with restricted stock awards was \$265,000, \$112,000 and \$260,000, respectively, for fiscal 2014, 2013 and 2012.

NOTE 13 — COMMITMENTS AND CONTINGENCIES

Software as a Service

The Company enters into long-term agreements to provide document imaging/management and workflow services to its healthcare clients as software as a service from a central data center. The Company guarantees specific “up-time” and “response time” performance standards, which, if not met may result in reduced revenues, as a penalty, for the month in which the standards are not met. There were no contingencies of this nature as of January 31, 2015.

Litigation

The Company is, from time to time, a party to various legal proceedings and claims, which arise in the ordinary course of business. Other than the matter described below, the Company is not aware of any legal matters that could have a material adverse effect on the Company’s consolidated results of operations, or consolidated financial position, or consolidated cash flows.

On February 12, 2014, the Company entered into a strategic alliance agreement with CentraMed, Inc. (“CentraMed”). On May 6, 2014, the Company signed an asset purchase agreement with CentraMed. This purchase agreement provided for the Company’s purchase of substantially all of CentraMed’s assets related to its business of providing healthcare analytics and consulting services to hospitals, physicians, and other providers. The agreement provided the Company the right to terminate the agreement in a number of circumstances, including if the Company is not satisfied, in its sole and absolute discretion, with the results of its due diligence review; the Company’s senior lender does not consent to the transactions contemplated by the agreement; or the Company’s Board does not authorize the transactions contemplated by the agreement. On January 12, 2015, the Company terminated the purchase agreement in accordance with its termination rights.

On March 9, 2015, CentraMed asserted claims against the Company for relief for breach of contract, misrepresentation, tortious interference with contracts and prospective economic relationships and bad faith in connection with the strategic alliance agreement and the asset purchase agreement. On March 24, 2015, the Company rejected the aforementioned claims and denied any liability to CentraMed. The Company intends to contest vigorously any action instituted against it by CentraMed. Because of the many questions of fact and law that may arise, the outcome of this matter is uncertain at this point. Based on the information available to us at present, we cannot reasonably estimate a range of loss for this matter and, accordingly, we have not accrued any liability associated with this matter.

NOTE 14 — QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following sets forth selected unaudited quarterly financial information for fiscal 2014 and 2013. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the condensed consolidated financial information have been included.

Fiscal 2014 (In thousands, except per share data):	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2014
Revenues	\$ 6,951	\$ 7,242	\$ 6,837	\$ 6,595	\$ 27,625
Gross profit	3,398	4,221	3,793	3,209	14,621
Operating loss (d)	(3,593)	(2,059)	(2,713)	(4,948)	(13,312)
Net loss	(2,671)	(2,275)	(2,256)	(4,810)	(12,011)
Less: deemed dividends on Series A Preferred Shares	(230)	(253)	(269)	(286)	(1,038)
Net loss attributable to common shareholders	(2,901)	(2,528)	(2,525)	(5,096)	(13,050)
Basic net loss per share (c)	(0.16)	(0.14)	(0.14)	(0.28)	(0.71)
Diluted net loss earnings per share (c)	(0.16)	(0.14)	(0.14)	(0.28)	(0.71)
Basic and diluted weighted average shares outstanding	18,146	18,174	18,301	18,417	18,262

Fiscal 2013 (In thousands, except per share data):	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2013
Revenues	\$ 6,473	\$ 8,773	\$ 6,732	\$ 6,517	\$ 28,495
Gross profit	3,297	5,536	3,597	2,887	15,317
Operating profit (loss)	(1,373)	997	(1,140)	(4,802)	(6,318)
Net loss (a)	(2,710)	(828)	(6,232)	(1,947)	(11,717)
Less: deemed dividends on Series A Preferred Shares (b)	(342)	(16)	(374)	(449)	(1,181)
Net loss attributable to common shareholders	(3,051)	(844)	(6,607)	(2,396)	(12,898)
Basic net loss per share (c)	(0.24)	(0.07)	(0.50)	(0.14)	(0.94)
Diluted net loss earnings per share (c)	(0.24)	(0.07)	(0.50)	(0.14)	(0.94)
Basic and diluted weighted average shares outstanding	12,534	12,862	13,258	16,337	13,748

- (a) The third quarter of fiscal 2013 includes a loss of \$4,101,000 associated with the settlement of the earn-out consideration to Interpoint (Note 6).
- (b) During the third quarter of fiscal 2013, the Company recorded an immaterial correction of an error regarding a \$188,145 fiscal second quarter 2013 understatement of deemed dividends on its Series A Preferred Stock, with an offsetting understatement of additional paid-in capital.
- (c) Quarterly amounts may not be additive.
- (d) The fourth quarter of fiscal 2014 includes a \$1,952,000 loss associated with the impairment of Meta trade name.

NOTE 15 – PRIVATE PLACEMENT INVESTMENT

On August 16, 2012, the Company completed a \$12,000,000 private placement investment (“private placement investment”) with affiliated funds and accounts of Great Point Partners, LLC, and Noro-Moseley Partners VI, L.P., and another investor. The investment consisted of the following instruments: issuance of 2,416,785 shares of a new Series A 0% Redeemable Convertible Preferred Stock (“Series A Preferred Stock”) at \$3.00 per share, common stock warrants (“warrants”) exercisable for up to 1,200,000 shares of the Company’s common stock at an exercise price of \$3.99 per share, and convertible subordinated notes payable in the aggregate principal amount of \$5,699,577, which upon shareholder approval, convert into up to 1,583,210 shares of Series A Preferred Stock. The proceeds were allocated among the instruments based on their relative fair values as follows:

	Adjusted Fair Value at August 16, 2012	Proceeds Allocation at August 16, 2012
Instruments:		
Series A Preferred Stock	\$ 9,907,820	\$ 6,546,146 (1)
Convertible subordinated notes payable	5,699,577	3,765,738 (2)
Warrants	2,856,000	1,688,116 (3)
Total investment	\$ 18,463,397	\$ 12,000,000

- (1) The Series A Preferred Stock convert on a 1:1 basis into common stock, but differ in value from common stock due to the downside protection relative to common stock in the event the Company liquidates, and the downside protection, if, after four years, the holder has not converted and the stock is below \$3.00. The fair value of Series A Preferred Stock was determined using a Monte-Carlo simulation following a Geometric Brownian Motion, using the following assumptions: annual volatility of 75%, risk-free rate of 0.9% and dividend yield of 0.0%. The model also utilized the following assumptions to account for the conditions within the agreement: after four years, if the simulated common stock price fell below a price of \$3.00 per share, the convertible preferred stock would automatically convert to common stock on a 1:1 basis moving forward at a price of exactly \$3.00 per share and a forced conversion if the simulated stock price exceeded \$8.00 per share.
- (2) The fair value of convertible subordinated notes payable was determined based on its current yield as compared to that of those currently outstanding in the marketplace. Management reviewed the convertible note agreement and determined that the note's interest rate is a reasonable representative of a market rate; therefore the face or principal amount of the loan is a reasonable estimate of its fair value.
- (3) The fair value of the common stock warrants was determined using a Monte-Carlo simulation following a Geometric Brownian motion, using the following assumptions: annual volatility of 75%, risk-free rate of 0.9%, dividend yield of 0.0% and expected life of 5 years. Because the dilutive down-round financing was subject to approval by shareholder vote which had not happened at the time of the valuation, the model utilized the assumption that the down-round financing would not occur within the simulation.

The Company incurred legal, placement and other adviser fees of \$1,894,000, including \$754,000 in costs for warrants issued to placement agents. The total transaction costs were allocated among the instruments of the private placement investment based on their relative fair values as follows: \$611,000 to subordinated convertible notes as deferred financing costs, \$1,020,000 to Series A Preferred Stock as discount on Series A Preferred Stock and \$263,000 to warrants as a charge to additional paid in capital.

Series A Convertible Preferred Stock

In connection with the private placement investment, the Company issued 2,416,785 shares of Series A Preferred Stock at \$3.00 per share. Each share of the Series A Preferred Stock is convertible into one share of the Company's common stock. The price per share of Series A Preferred Stock and the conversion price for the common stock was less than the "market value" of the common stock of \$3.82 (as defined in the rules of the Nasdaq Stock Market) on the date of execution of the definitive agreements. The Series A Preferred Stock does not pay a dividend, however, the holders are entitled to receive dividends on shares of Preferred Stock equal (on an as-if-converted-to-common-stock basis) to and in the same form as dividends (other than dividends in the form of common stock) actually paid on shares of the common stock. The Series A Preferred Stock have voting rights on a modified as-if-converted-to-common-stock-basis. The Series A Preferred Stock has a non-participating liquidation right equal to the original issue price plus accrued unpaid dividends, which are senior to the Company's common stock. The Series A Preferred Stock can be converted to common shares at any time by the holders, or at the option of the Company if the arithmetic average of the daily volume weighted average price of the common stock for the ten day period prior to the measurement date is greater than \$8.00 per share, and the average daily trading volume for the sixty day period immediately prior to the measurement date exceeds 100,000 shares. The conversion price is \$3.00 per share, subject to certain adjustments.

The allocation of the proceeds and transaction costs based on relative fair values of the instruments resulted in recognition of a discount on the Series A Preferred Stock of \$4,410,000, including discount from beneficial conversion feature of \$2,686,000, which is being amortized from the date of issuance to the earliest redemption date. For the year ended January 31, 2015, 2014 and 2013, the Company recognized \$1,038,000, \$1,181,000 and \$176,000, respectively, of amortization of the discount on Series A Preferred Stock as deemed dividends charged to additional paid in capital, computed under the effective interest rate method. The value of the beneficial conversion feature is calculated as the difference between the effective conversion price of the Series A Preferred Stock and the fair market value of the common stock into which the Series A Preferred Stock are convertible at the commitment date.

On November 1, 2012, upon shareholder approval, the convertible subordinated notes were converted into shares of Series A Convertible Preferred Stock. The convertible subordinated notes had an aggregate principal amount of \$5,699,577 and converted into an aggregate of 1,583,210 shares of Preferred Stock. The Company recorded a loss upon conversion of \$5,913,000 which represented the difference between the aggregate fair value of the Preferred Stock issued of \$9,183,000, based on a \$5.80 fair value per share, and the total of carrying value of the notes and unamortized deferred financing cost of \$3,270,000. The shares of Series A Preferred Stock issued for the conversion of notes payable are recorded at their aggregate redemption value of \$4,750,000 with the difference between the fair value and redemption value of \$4,433,000 recorded as additional paid in capital. The fair value of the Preferred Stock was determined using a Monte-Carlo simulation based on the following assumptions: annual volatility of 75%, risk-free rate of 0.8%, and dividend yield of 0.0%. The model also utilized the following assumptions to account for the conditions within the agreement: after four years, if the simulated common stock price fell below a price of \$3.00 per share, the convertible preferred stock would automatically convert to common stock on a 1:1 basis moving forward at a price of exactly \$3.00 per share and a forced conversion if the simulated stock price exceeded \$8.00 per share.

During fiscal 2013, the Company determined there was an immaterial correction error in the proceeds allocation recorded in fiscal 2012. The Company has corrected these adjustments and they are reflected in the fiscal 2013 consolidated financial statements and this Note 15.

The following table sets forth the activity of the Series A Preferred Stock, classified as temporary equity, during the periods presented:

	Number of Shares	Series A Preferred Stock
Series A Preferred Stock, January 31, 2012	—	\$ —
Issuance from private placement, at redemption value	2,416,785	7,250,355
Discount related to warrants (1)	—	(704,209)
Discount related to beneficial conversion feature	—	(2,685,973)
Discount related to issuance cost	—	(1,020,135)
Issuance of shares at redemption value for conversion of notes payable	1,583,210	4,749,630
Accretion of Preferred Stock discount	—	176,048
Series A Preferred Stock, January 31, 2013	3,999,995	7,765,716
Conversion of Preferred Stock to Common Stock	(1,050,000)	(3,150,000)
Accretion of Preferred Stock discount	—	1,180,904
Valuation adjustment (Note 4)	—	(196,952)
Series A Preferred Stock, January 31, 2014	2,949,995	5,599,668
Accretion of Preferred Stock discount	—	1,038,310
Series A Preferred Stock, January 31, 2015	2,949,995	\$ 6,637,978

(1) The discount related to warrants represents the difference between the redemption value of the Series A Preferred Stock, issued in conjunction with the private placement, and its allocated proceeds.

At any time following August 31, 2016, each share of Series A Preferred Stock is redeemable at the option of the holder for an amount equal to the initial issuance price of \$3.00 (adjusted to reflect stock splits, stock dividends or like events) plus any accrued and unpaid dividends thereon. The Series A Preferred Stock are classified as temporary equity as the securities are redeemable solely at the option of the holder.

In fiscal 2013, 1,050,000 shares of the Company's Series A Convertible Preferred Stock were converted into Common Stock. As a result, Series A Convertible Preferred Stock was reduced by \$3,150,000, with the offsetting increase to Common Stock and Additional Paid-in Capital. As of January 31, 2015 and 2014, 2,949,995 shares of Series A Convertible Preferred Stock remained outstanding.

Common Stock Warrants

In conjunction with the private placement investment, the Company issued common stock warrants exercisable for up to 1,200,000 of the Company's common stock at an exercise price of \$3.99 per share. The warrants can be exercised in whole or in part during the period beginning on February 17, 2013 until five years from such initial exercise date. The warrants also include

a cashless exercise option which allows the holder to receive a number of shares of common stock based on an agreed upon formula in exchange for the warrant rather than paying cash to exercise. The proceeds, net of transaction costs, allocated to the warrants of \$1,425,000 were classified as equity on August 16, 2012, the date of issuance.

Effective October 31, 2012, upon shareholder approval of anti-dilution provisions that reset the warrants' exercise price if a dilutive issuance occurs, the warrants were reclassified as derivative liabilities. The provisions require the exercise price to reset to the lower price at which the dilutive issuance is consummated, if the dilutive issuance occurs prior to the second anniversary of the warrants' issuance. If a dilutive issuance occurs after the second anniversary of the warrants' issuance, then the exercise price will be reset in accordance with a weighted average formula that provides for a partial reset, based on the number of shares raised in the dilutive issuance relative to the number of common stock equivalents outstanding at the time of the dilutive issuance. The change in fair value of the warrants was accounted for as an adjustment to stockholders' equity for the period between the date of the contract's last classification as equity to the date of reclassification to liability. The fair value of the warrants was \$4,139,000 at October 31, 2012. These warrants are accounted for as derivative liabilities effective October 31, 2012, and as such, are re-valued at each reporting date, which changes in fair value recognized in earnings each reporting period as a charge or credit to other expenses.

On October 19, 2012, the Company also issued 200,000 warrants to its placement agents as a portion of the fees for services rendered in the private placement investment. The warrants had an initial exercise date of May 1, 2013 and are exercisable for a five-year term thereafter at a stated exercise price of \$4.06 per share and could be exercised in whole or in part at any time. The warrants also included a cashless exercise option which allowed the holder to receive a number of shares of common stock based on an agreed upon formula in exchange for the warrants rather than paying cash to exercise. The warrants have no reset provisions. The warrants had a grant date fair value of \$754,000, and are classified as equity on the consolidated balance sheet. The estimated fair value of the warrants was determined by using Monte-Carlo simulations based on the following assumptions: annual volatility of 75%; risk-free rate of 0.9%, dividend yield of 0.0% and expected life of five years. The following table sets forth the warrants issued and outstanding as of January 31, 2015:

	Number of Shares Issuable	Weighted Average Exercise Price
Warrants - private placement	1,200,000	\$ 3.99
Warrants - placement agent	200,000	4.06
Total	1,400,000	\$ 4.00

The fair value of the private placement warrants was \$1,834,000 and \$4,117,000 at January 31, 2015 and 2014, respectively. No warrants were exercised or canceled during fiscal 2014, 2013 and 2012.

Convertible Subordinated Notes

Please refer to Note 6 - Debt.

NOTE 16 — STOCKHOLDERS' EQUITY

On November 27, 2013, the Company closed its public offering of 3,450,000 shares of the Company's common stock, including 450,000 shares issued in connection with an overallotment option exercised by the underwriters, at a price to the public of \$6.50 per share. Aggregate net proceeds from the offering were \$20,493,000 after deducting \$1,680,000 in underwriting discounts and commissions, and offering expenses incurred by the Company of \$158,000.

NOTE 17— SUBSEQUENT EVENTS

We have evaluated subsequent events through April 16, 2015 and have determined that there are no subsequent events after January 31, 2015 for which disclosure is required, other than the matter described in Note 13 - Commitments and Contingencies - Litigation, the debt covenant waiver as discussed in Note 6 - Debt, and the following.

On April 15, 2015, the Company entered into a sales order with Nant Health, LLC whereby the Company would license its Scheduling solution to Nant Health for the use of Nant Health's customers. The sales order was under a previously entered License and Services Agreement between Nant Health and the Company. Robert E. Watson, the President and Chief Executive Officer of Nant Health, is a member of the Company's Board of Directors.

Schedule II
Valuation and Qualifying Accounts and Reserves

Streamline Health Solutions, Inc.
For the three years ended January 31, 2015

<u>Description</u>	Balance at Beginning of Period	Additions		Deductions	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts		
(in thousands)					
Year ended January 31, 2015:					
Allowance for doubtful accounts	\$ 267	\$ 441	\$ 1	\$ (43)	\$ 666
Year ended January 31, 2014:					
Allowance for doubtful accounts	\$ 134	\$ 331	\$ —	\$ (198)	\$ 267
Year ended January 31, 2013:					
Allowance for doubtful accounts	\$ 100	\$ 67	\$ 34	\$ (67)	\$ 134

<u>Description</u>	Balance at Beginning of Period	Changes through			Balance at End of Period
		Tax Expense	Other Comprehensive Income	Goodwill	
(in thousands)					
Year ended January 31, 2015:					
Valuation allowance on deferred tax assets	\$ 7,667	\$ 4,031	\$ (41)	\$ 897	\$ 12,554
Year ended January 31, 2014:					
Valuation allowance on deferred tax assets	\$ 7,835	\$ (209)	\$ 41	\$ —	\$ 7,667
Year ended January 31, 2013:					
Valuation allowance on deferred tax assets	\$ 9,835	\$ (2,000)	\$ —	\$ —	\$ 7,835

ITEM 9. Changes In And Disagreements With Accountants On Accounting And Financial Disclosure

Not applicable.

ITEM 9A. Controls And Procedures

Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that there is reasonable assurance that the information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Exchange Act Rules 13a-15(e) and 15d-15(e). In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. In addition, projections of any evaluation of effectiveness of our disclosure controls and procedures to future periods are subject to the risk that controls or procedures may become inadequate because of changes in conditions, or that the degree of compliance with the controls or procedures may deteriorate.

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of the Company's senior management, including the Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures to provide reasonable assurance of achieving the desired objectives of the disclosure controls and procedures. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed by, and under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by management and our Board of Directors to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company.
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures of the Company are being made in accordance with authorization of our management and our Board of Directors.
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of the effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of January 31, 2015, using criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that the Company's internal control over financial reporting was effective as of January 31, 2015.

The effectiveness of our internal control over financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report appearing herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the fourth fiscal quarter ended January 31, 2015 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting, except as disclosed below.

Subsequent to January 31, 2014, as part of our efforts to improve our finance and accounting function and to remediate the material weaknesses that existed in our internal control over financial reporting and our disclosure controls and procedures at January 31, 2014, we developed a remediation plan (the "Remediation Plan") pursuant to which we implemented a number of measures. In the fiscal quarter ended January 31, 2015, we completed the Remediation Plan, including among other things, the following steps:

- **Staffing:** In addition to a realignment of our accounting staff structure and operations, we added a new revenue accounting specialist position to better ensure compliance with our revenue recognition policies.
- **Policies and procedures:** We engaged external accounting experts to assist us with enhancing our policies and procedures related to revenue recognition, contracting and other areas reflected in the material weaknesses that existed at January 31, 2014.
- **Systems:** We implemented a series of incremental software solutions to enhance our documentation in critical areas such as revenue recognition.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Board of Directors and Stockholders
Streamline Health Solutions, Inc.:

We have audited Streamline Health Solutions, Inc.'s internal control over financial reporting as of January 31, 2015, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Streamline Health Solutions, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Streamline Health Solutions, Inc. maintained in all material respects, effective internal control over financial reporting as of January 31, 2015, based on criteria established in *Internal Control- Integrated Framework (1992)* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Streamline Health Solutions, Inc. and subsidiaries as of January 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended January 31, 2015 and our report dated April 16, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Atlanta, Georgia
April 16, 2015

ITEM 9B. *Other Information*

None.

PART III

ITEM 10. *Directors, Executive Officers And Corporate Governance*

Information regarding directors, executive officers and corporate governance will be set forth in the proxy statement for our 2015 annual meeting of stockholders and is incorporated herein by reference.

ITEM 11. *Executive Compensation*

Information regarding executive compensation will be set forth in the proxy statement for our 2015 annual meeting of stockholders and is incorporated herein by reference.

ITEM 12. *Securities Ownership Of Certain Beneficial Owners And Management And Related Stockholder Matters*

Information regarding security ownership of certain beneficial owners and management and related stockholder matters will be set forth in the proxy statement for our 2015 annual meeting of stockholders and is incorporated herein by reference.

ITEM 13. *Certain Relationships, Related Transactions And Directors Independence*

Information regarding certain relationships and related transactions and director independence will be set forth in the proxy statement for our 2015 annual meeting of stockholders and is incorporated herein by reference.

ITEM 14. *Principal Accounting Fees And Services*

Information regarding principal accountant fees and services will be set forth in the proxy statement for our 2015 annual meeting of stockholders and is incorporated herein by reference.

PART IV

ITEM 15. *Exhibits, Financial Statement Schedules*

See Index to Consolidated Financial Statements and Schedule Covered by Reports of Registered Public Accounting Firms included in Item 8 of this annual report on Form 10-K.

(b). Exhibits

See Index to Exhibits contained in this annual report on Form 10-K.

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STREAMLINE HEALTH SOLUTIONS, INC.
By: /s/ DAVID W. SIDES
David W. Sides
Chief Executive Officer

DATE: April 16, 2015

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

/s/ DAVID W. SIDES		
David W. Sides	Chief Executive Officer and Director (Principal Executive Officer)	April 16, 2015
/s/ JONATHAN R. PHILLIPS		
Jonathan R. Phillips	Director	April 16, 2015
/s/ EDWARD J. VONDERBRINK		
Edward J. VonderBrink	Director	April 16, 2015
/s/ ANDREW L. TURNER		
Andrew L. Turner	Director	April 16, 2015
/s/ MICHAEL K. KAPLAN		
Michael K. Kaplan	Director	April 16, 2015
/s/ ALLEN S. MOSELEY		
Allen S. Moseley	Director	April 16, 2015
/s/ MICHAEL G. VALENTINE		
Michael G. Valentine	Director	April 16, 2015
/s/ ROBERT E. WATSON		
Robert E. Watson	Director	April 16, 2015
/s/ JUDITH E. STARKEY		
Judith E. Starkey	Director	April 16, 2015
/s/ NICHOLAS A. MEEKS		
Nicholas A. Meeks	Chief Financial Officer (Principal Financial Officer)	April 16, 2015
/s/ MICHAEL W. HALLORAN		
Michael W. Halloran	Controller (Principal Accounting Officer)	April 16, 2015

INDEX TO EXHIBITS

EXHIBITS

- 2.1 Agreement and Plan of Merger dated January 16, 2014 by and among Streamline Health, Inc., Arch United Acquisition, Inc., Unibased Systems Architecture, Inc. and Barry M. Rundquist, as Representative. (Incorporated herein by reference from Exhibit 2.1 of the Form 8-K, as filed with the Commission on January 23, 2014).
- 3.1 Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems, Inc., as amended through August 19, 2014 (Incorporated by reference from Exhibit 3.1 of the Form 10-Q, as filed with the SEC on September 15, 2014).
- 3.2 Bylaws of Streamline Health Solutions, Inc., as amended and restated through March 28, 2014, (Incorporated herein by reference from Exhibit 3.1 of Form 8-K, as filed with the Commission on April 3, 2014).
- 3.3 Certificate of Designation of Preferences, Rights and Limitations of Series A 0% Convertible Preferred Stock of Streamline Health Solutions, Inc. (Incorporated herein by reference from Exhibit 10.1 of the Form 8-K, as filed with the Commission on November 1, 2012).
- 4.1 Specimen Common Stock Certificate of Streamline Health Solutions, Inc. (Incorporated herein by reference from the Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996).
- 10.1# Streamline Health Solutions, Inc. 1996 Employee Stock Purchase Plan, as amended and restated effective July 1, 2013 (Incorporated herein by reference from the Registration Statement on Form S-8, File Number 333-188763, as filed with the Commission on May 22, 2013).
- 10.2(a)# 2005 Incentive Compensation Plan of Streamline Health Solutions, Inc. (Incorporated herein by reference from Exhibit 10.1 of the Form 8-K, as filed with the Commission on May 26, 2005).
- 10.2(b)# Amendment No. 1 to 2005 Incentive Compensation Plan of Streamline Health Solutions, Inc.(Incorporated herein by reference to Annex 1 of Definitive Proxy Statement on Schedule 14A, as filed with the Commission on April 13, 2011).
- 10.2(c)# Amendment No. 2 to 2005 Incentive Compensation Plan of Streamline Health Solutions, Inc. (Incorporated herein by reference to Exhibit 4.3 of Registration Statement on Form S-8, as filed with the Commission on November 15, 2012).
- 10.3# Streamline Health Solutions, Inc. Amended and Restated 2013 Stock Incentive Plan (Incorporated herein by reference from Appendix A to the Definitive Proxy Statement on Schedule 14A, as filed with the Commission on July 21, 2014).
- 10.3(a)# Form of Restricted Stock Award Agreement for Non-Employee Directors (Incorporated herein by reference from Exhibit 10.2 of the Form 8-K, as filed with the Commission August 25, 2014).
- 10.3(b)# Form of Restricted Stock Award Agreement for Executives (Incorporated herein by reference from Exhibit 10.3 of the Form 8-K, as filed with the Commission August 25, 2014).
- 10.3(c)# Form of Stock Option Agreement for Executives (Incorporated herein by reference from Exhibit 10.4 of the Form 8-K, as filed with the Commission August 25, 2014).
- 10.4# Employment Agreement dated September 10, 2014 by and between Streamline Health Solutions, Inc. and David Sides (Incorporated herein by reference from Exhibit 10.1 of the Form 10-Q, as filed with the Commission on December 9, 2014).
- 10.4(a)# Amendment to Employment Agreement dated January 8, 2015 by and between Streamline Health Solutions, Inc. and David Sides (Incorporated herein by reference from Exhibit 10.2 of the Form 8-K, as filed with the Commission on January 9, 2015).
- 10.5# Employment Agreement among Streamline Health Solutions, Inc., Streamline Health, Inc. and Nicholas A. Meeks effective May 22, 2013 (Incorporated herein by reference from Exhibit 10.2 of the Form 8-K, as filed with the Commission on May 20, 2013).
- 10.6# Employment Agreement dated September 8, 2013 between Streamline Health Solutions, Inc. and Jack W. Kennedy Jr. (Incorporated by reference from Exhibit 10.1 of the Form 10-Q, as filed with the Commission on December 16, 2013).
- 10.6(a)# Amendment No. 1 to Employment Agreement dated March 6, 2014 between Streamline Health Solutions, Inc. and Jack W. Kennedy Jr. (Incorporated by reference from Exhibit 10.14(b) of the Form 10-K, as filed with the Commission on June 13, 2014).

- 10.7# Employment Agreement dated March 6, 2014 by and between Streamline Health Solutions, Inc. and Lois E. Rickard (Incorporated by reference from Exhibit 10.23 of the Form 10-K, as filed with the Commission on June 13, 2014).
- 10.8# Employment Agreement dated February 3, 2014 by and between Streamline Health Solutions, Inc. and Randolph Salisbury (Incorporated by reference from Exhibit 10.24 of the Form 10-K, as filed with the Commission on June 13, 2014).
- 10.9# Employment Agreement dated April 22, 2013 between Streamline Health Solutions, Inc. and Robert E. Watson (Incorporated herein by reference from Exhibit 10.1 of the Form 8-K, as filed with the Commission on April 26, 2013).
- 10.9(a)# Separation and Release Agreement dated January 8, 2015 between Streamline Health Solutions, Inc. and Robert E. Watson (Incorporated herein by reference to Exhibit 10.1 of the Form 8-K, as filed with the Commission on January 9, 2015).
- 10.10# Form of Indemnification Agreement for all directors and officers of Streamline Health Solutions, Inc. (Incorporated herein by reference from Exhibit 10.1 of the Form 8-K, as filed with the Commission on June 7, 2006).
- 10.11 Reseller Agreement between IDX Information Systems Corporation and Streamline Health Solutions, Inc. entered into on January 30, 2002 (Incorporated herein by reference from Exhibit 10.11 of the Form 10-K for the fiscal year ended January 31, 2002, as filed with the Commission on April 29, 2002).
- 10.11(a) First Amendment to the Reseller Agreement between IDX Information Systems Corporation and Streamline Health Solutions, Inc. entered into on May 3, 2002 (Incorporated herein by reference from Exhibit 10 of the Form 10-Q for the quarter ended April 30, 2002, as filed with the Commission on June 4, 2002).
- 10.12 Software License and Royalty Agreement dated October 25, 2013 between Streamline Health, Inc. and Montefiore Medical Center (Incorporated by reference from Exhibit 10.2 of the Form 10-Q, as filed with the Commission on December 16, 2013).
- 10.13 Credit Agreement dated as of November 21, 2014 by and among Wells Fargo Bank, N.A., the lenders party thereto, Streamline Health Solutions, Inc. and Streamline Health, Inc. (Incorporated herein by reference from Exhibit 10.2 of the Form 10-Q, as filed with the Commission on December 9, 2014).
- 10.13(a)* Waiver and First Amendment to Credit Agreement dated as of April 15, 2015 by and among Wells Fargo Bank, N.A., the lenders party thereto, Streamline Health Solutions, Inc. and Streamline Health, Inc.
- 10.14 Settlement Agreement and Mutual Release dated as of November 20, 2013 by and among Streamline Health Solutions, Inc., IPP Acquisition, LLC, IPP Holding Company, LLC, W. Ray Cross, as seller representative, and each of the members of IPP Holding Company, LLC named therein (Incorporated by reference from Exhibit 10.3 of the Form 10-Q, as filed with the Commission on December 16, 2013).
- 10.15 Subordinated Promissory Note dated November 20, 2013 made by IPP Acquisition, LLC and Streamline Health Solutions, Inc. (Incorporated by reference from Exhibit 10.4 of the Form 10-Q, as filed with the Commission on December 16, 2013).
- 10.16 Securities Purchase Agreement, among Streamline Health Solutions, Inc. and each purchaser identified on the signature pages thereto, dated August 16, 2012 (Incorporated herein by reference from Exhibit 10.4 of the Form 8-K, as filed with the Commission on August 21, 2012).
- 14.1* Code of Business Conduct and Ethics
- 21.1* Subsidiaries of Streamline Health Solutions, Inc.
- 23.1* Consent of Independent Registered Public Accounting Firm - KPMG LLP
- 23.2* Consent of Independent Registered Public Accounting Firm - BDO USA, LLP
- 31.1* Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1* Certification by Chief Executive Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- 32.2* Certification by Chief Financial Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following financial information from Streamline Health Solutions, Inc.'s Annual Report on Form 10- K for the fiscal year ended January 31, 2015 filed with the SEC on April 16, 2015, formatted in XBRL includes: (i) Consolidated Balance Sheets at January 31, 2015 and 2014, (ii) Consolidated Statements of Operations for the three years ended January 31, 2015, (iii) Consolidated Statements of Changes in Stockholders' Equity for the three years ended January 31, 2015, (iv) Consolidated Statements of Cash Flows for the three years ended January 31, 2015, and (v) the Notes to Consolidated Financial Statements.

* Filed herewith.

Management Contracts and Compensatory Arrangements.

Our SEC file number reference for documents filed with the SEC pursuant to the Securities Exchange Act of 1943, as amended, is 0-281

WAIVER AND FIRST AMENDMENT TO CREDIT AGREEMENT

THIS WAIVER AND FIRST AMENDMENT TO CREDIT AGREEMENT (this "Agreement") is dated as of April 15, 2015 by and among **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as administrative agent ("Agent") for the Lenders (as defined in the Credit Agreement referred to below), the Lenders party hereto, **STREAMLINE HEALTH SOLUTIONS, INC.**, a Delaware corporation ("Parent") and **STREAMLINE HEALTH, INC.**, an Ohio corporation ("Borrower").

WHEREAS, Borrower, Parent, Agent, and Lenders are parties to that certain Credit Agreement dated as of November 21, 2014 (as amended, restated, modified or supplemented from time to time, the "Credit Agreement");

WHEREAS, an Event of Default has occurred and is continuing under Section 8.2(a) of the Credit Agreement as a result of the failure of Borrower to achieve the minimum EBITDA required by Section 7(a) of the Credit Agreement for the 4 quarter period ending January 31, 2015 (such Event of Default, the "Existing Event of Default");

WHEREAS, Borrower has requested that Agent and Lenders (a) waive the Existing Event of Default and (b) amend the Credit Agreement in certain respects, in each case, on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Credit Agreement.

2. Waiver. In reliance upon the representations and warranties of the Loan Parties set forth herein, and subject to the satisfaction of the conditions to effectiveness set forth herein, Agent and Lenders hereby waive the Existing Event of Default. The foregoing waiver shall not constitute (a) except as expressly set forth herein, a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, (b) a waiver of, or consent to, any other breach of, or any other Event of Default under, the Credit Agreement or any other Loan Document other than the Existing Event of Default, or (c) except as expressly set forth herein, a waiver, release or limitation upon the exercise by Agent or any Lender of any of its rights, legal or equitable, under the Credit Agreement, the other Loan Documents and applicable law, all of which are hereby reserved.

3. Amendment. In reliance upon the representations and warranties of the Loan Parties set forth herein, and subject to the satisfaction of the conditions to effectiveness set forth herein, the Credit Agreement is hereby amended as follows:

(a) The table set forth in Section 7(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

Applicable Amount	Applicable Period
(\$2,500,000)	For the 4-quarter period ending April 30, 2015
(\$1,750,000)	For the 4-quarter period ending July 31, 2015
(\$750,000)	For the 4-quarter period ending October 31, 2015
\$500,000	For the 4-quarter period ending January 31, 2016
Such amount as is agreed to by Borrower and Required Lenders within 30 days following delivery of, and based upon, the Projections then most recently delivered pursuant to Section 5.1 and approved by Required Lenders; <u>provided</u> , that if not approved by Required Lenders or if Borrower and Required Lenders have not agreed to such amounts for the remainder of the term of this Agreement, then an immediate breach of this Section 7(a) shall be deemed to have occurred.	For the 4-quarter period ending April 30, 2016 and for the 4-quarter period ending on each July 31, October 31, January 31 and April 30 thereafter

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

(b) **Minimum Liquidity.** Maintain Liquidity of at least (i) \$6,500,000 at all times during the period from the First Amendment Closing Date through and including July 30, 2015, (ii) \$7,000,000 at all times during the period from July 31, 2015 through and including January 30, 2016 and (iii) \$7,500,000 at all times from and after January 31, 2016.

(c) The defined term "Applicable Margin" set forth on Schedule 1.1 to the Credit Agreement is hereby amended and restated in its entirety as follows:

"Applicable Margin" means, as of any date of determination and with respect to Base Rate Loans or LIBOR Rate Loans, as applicable, the applicable margin set forth in the following table that corresponds to the most recent Senior Leverage Ratio calculation delivered to Agent pursuant to Section 5.1 of the Agreement (the "Senior Leverage Ratio Calculation"); provided, that for the period from the First Amendment Closing Date through the date Agent receives the Senior Leverage Ratio Calculation in respect of the testing period ending January 31, 2016, the Applicable Margin shall be set at the margin in the row styled "Level I"; provided further, that any time an Event of Default has occurred and is continuing or TTM EBITDA calculated as of the last fiscal quarter for which financial statements have most

recently been delivered pursuant to Section 5.1 of the Agreement is a negative number, the Applicable Margin shall be set at the margin in the row styled "Level I":

<u>Level</u>	<u>Senior Leverage Ratio Calculation</u>	<u>Applicable Margin Relative to Base Rate Loans (the "Base Rate Margin")</u>	<u>Applicable Margin Relative to LIBOR Rate Loans (the "LIBOR Rate Margin")</u>
I	If the Senior Leverage Ratio is greater than or equal to 4.25:1.0	5.25 percentage points	6.25 percentage points
II	If the Senior Leverage Ratio is greater than or equal to 3.25:1.0 or less than 4.25:1.00	4.25 percentage points	5.25 percentage points
III	If the Senior Leverage Ratio is greater than or equal to 2.25:1.0 and less than 3.25:1.0	3.75 percentage points	4.75 percentage points
IV	If the Senior Leverage Ratio is less than 2.25:1.0	3.25 percentage points	4.25 percentage points

Except as set forth in the foregoing proviso, the Applicable Margin shall be based upon the most recent Senior Leverage Ratio Calculation, which will be calculated as of the end of each fiscal quarter. Except as set forth in the foregoing proviso, the Applicable Margin shall be re-determined on the first day following the date of delivery to Agent of the certified calculation of the Senior Leverage Ratio pursuant to Section 5.1 of the Agreement; provided, that if Borrower fails to provide such certification when such certification is due, the Applicable Margin shall be set at the margin in the row styled "Level I" as of the first day of the month following the date on which the certification was required to be delivered until the date on which such certification is delivered (on which date (but not retroactively), without constituting a waiver of any Default or Event of Default occasioned by the failure to timely deliver such certification, the Applicable Margin shall be set at the margin based upon the calculations disclosed by such certification. In the event that the information regarding the Senior Leverage Ratio contained in any certificate delivered pursuant to Section 5.1 of the Agreement is shown to be inaccurate, and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "Applicable Period") than the Applicable Margin actually applied for such Applicable Period, then (i) Borrower shall immediately deliver to Agent a correct certificate for such Applicable Period, (ii) the Applicable Margin shall be determined as if the correct Applicable Margin (as set forth in the table above) were applicable for such Applicable Period, and (iii) Borrower shall

immediately deliver to Agent full payment in respect of the accrued additional interest as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by Agent to the affected Obligations.

(d) Schedule 5.1 to the Credit Agreement is hereby amended and restated in its entirety as set forth on Schedule 5.1 attached hereto.

(e) The defined term "First Amendment Closing Date" is hereby added to Schedule 1.1 to the Credit Agreement in its proper alphabetical order as follows:

"First Amendment Closing Date" means April 15, 2015.

4. Continuing Effect. Except as expressly set forth in Sections 2 and 3 of this Agreement, nothing in this Agreement shall constitute a modification or alteration of the terms, conditions or covenants of the Credit Agreement or any other Loan Document, or a waiver of any other terms or provisions thereof, and the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue in full force and effect, in each case as amended hereby.

5. Reaffirmation and Confirmation. Each Loan Party party hereto (and, with respect to each Loan Party other than Parent and Borrower, by such Loan Party's execution and delivery of the attached Consent and Reaffirmation) hereby ratifies, affirms, acknowledges and agrees that the Credit Agreement and the other Loan Documents to which it is a party represent the valid, enforceable and collectible obligations of such Loan Party, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other Loan Document. Each Loan Party party hereto (and, with respect to each Loan Party other than Parent and Borrower, by such Loan Party's execution and delivery of the attached Consent and Reaffirmation) hereby agrees that this Agreement in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by each Loan Party party hereto (and, with respect to each Loan Party other than Parent and Borrower, by such Loan Party's execution and delivery of the attached Consent and Reaffirmation) in all respects.

6. Conditions to Effectiveness. This Agreement shall become effective upon the satisfaction of the following conditions precedent:

(a) Agent shall have received a copy of this Agreement and the Consent and Reaffirmation attached hereto, in each case, executed and delivered by Agent, the Lenders and the Loan Parties, as applicable (with four (4) original copies of this Agreement to follow within two (2) Business Days after the date hereof); and

(b) Other than the Existing Event of Default, no Default or Event of Default shall have occurred and be continuing on the date hereof or as of the date of the effectiveness of this Agreement.

7. Representations and Warranties. In order to induce Agent and Lenders to enter into this Agreement, each Loan Party party hereto (and, with respect to each Loan Party other

than Parent and Borrower, by such Loan Party's execution and delivery of the attached Consent and Reaffirmation) hereby represents and warrants to Agent and Lenders that:

(a) After giving effect to this Agreement, all representations and warranties contained in the Loan Documents to which such Loan Party is a party 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 by materiality in the text thereof) on and as of the date of this Agreement, as though made on and as of the date of this Agreement (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);

(b) Other than the Existing Event of Default, no Default or Event of Default has occurred and is continuing; and

(c) This Agreement and the Loan Documents, as amended hereby, constitute legal, valid and binding obligations of such Loan Party and are enforceable against such Loan Party in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

8. Collateral Access Agreement. Notwithstanding the provisions of any other Loan Document, Agent hereby extends the deadline for delivery of the Collateral Access Agreement to Agent with respect to Borrower's leased location at 1230 Peachtree Street NE, Suite 600, Atlanta, Georgia, effective as of March 21, 2015, to May 15, 2015 (or such later date as Agent may agree in writing).

9. Miscellaneous.

(a) Expenses. Borrower agrees to pay on demand all reasonable costs and expenses of Agent and the Lenders (including reasonable attorneys' fees) incurred in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and all other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith. All obligations provided herein shall survive any termination of this Agreement and the Credit Agreement as amended hereby.

(b) Choice of Law and Venue; Jury Trial Waiver; Reference Provision. Without limiting the applicability of any other provision of the Credit Agreement or any other Loan Document, the terms and provisions set forth in Section 12 of the Credit Agreement are expressly incorporated herein by reference.

(c) Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of

an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

10. Release; Covenant Not to Sue.

(a) In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party, on behalf of itself and its successors, assigns, and its present and former members, managers, shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, legal representatives and other representatives (each Loan Party and all such other Persons begin hereinafter referred to collectively as the "Releasing Parties" and individually as a "Releasing Party"), hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and Lenders, and their successors and assigns, and their present and former shareholders, members, managers, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, legal representatives and other representatives (Agent, each Lender and all such other Persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "Claim" and collectively, "Claims") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which such Releasing Party may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Agreement including, without limitation, for or on account of, or in relation to, or in any way in connection with this Agreement, the Credit Agreement, or any of the other Loan Documents or any of the transactions thereunder or related thereto.

(b) Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Each Loan Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

(d) Each Releasing Party hereby absolutely, unconditionally and irrevocably covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by any Releasing Party pursuant to this Section 10. If any Releasing Party violates the foregoing covenant, each Loan Party, for itself and its successors and assigns, and its present and former members, managers, shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents, legal representatives and other representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officers thereunto duly authorized and delivered as of the date first above written.

STREAMLINE HEALTH SOLUTIONS, INC., a
Delaware corporation, as Parent

By: /s/ Nicholas Meeks
Name: Nicholas Meeks
Title: Senior Vice President & Chief Financial
Officer

STREAMLINE HEALTH, INC., an Ohio
corporation, as Borrower

By: /s/ Nicholas Meeks
Name: Nicholas Meeks
Title: Senior Vice President & Chief Financial
Officer

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, a national banking association, as
Agent and as a Lender

By: /s/
Name: Authorized Signatory

CONSENT AND REAFFIRMATION

Each Guarantor hereby (i) acknowledges receipt of a copy of the foregoing Waiver and First Amendment to Credit Agreement (the "Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement), (ii) consents to Borrower's execution and delivery of the Agreement; (iii) agrees to be bound by the Agreement (including, without limitation, Section 10 thereof); (iv) affirms that nothing contained in the Agreement shall modify in any respect whatsoever any Loan Document to which it is a party except as expressly set forth therein; and (v) ratifies, affirms, acknowledges and agrees that each of the Loan Documents to which such Guarantor is a party represents the valid, enforceable and collectible obligations of such Guarantor, and further acknowledges that there are no existing claims, defenses, personal or otherwise, or rights of setoff whatsoever with respect to the Credit Agreement or any other such Loan Document. Each Guarantor hereby agrees that the Agreement in no way acts as a release or relinquishment of the Liens and rights securing payments of the Obligations. The Liens and rights securing payment of the Obligations are hereby ratified and confirmed by such Guarantor in all respects. Although each Guarantor has been informed of the matters set forth herein and has acknowledged and agreed to same, each Guarantor understands that neither Agent nor any Lender has any obligation to inform any Guarantor of such matters in the future or to seek any Guarantor's acknowledgment or agreement to future amendments, waivers or consents, and nothing herein shall create such a duty.

UNIBASED SYSTEMS ARCHITECTURE, INC.

By: /s/ Nicholas Meeks
Name: Nicholas Meeks
Title: Senior Vice President & Chief Financial
Officer

Schedule 5.1 to Credit Agreement

Deliver to Agent (and if so requested by Agent, with copies to each Lender) each of the documents, financial statements, reports, or other items set forth below at the following times in form satisfactory to Agent:

<p>Monthly (not later than the 10th day of each month after the end of each month) prior to Loan Parties' establishment of their primary cash management and treasury relationships with Wells Fargo</p>	<p>(a) bank statement(s) or screen shot(s) showing the cash balances of the Parent and its Subsidiaries as of the end of the prior month and an indication of the cash that is Qualified Cash.</p>
<p>As soon as available, but in any event within 30 days (45 days in the case of a month that is the end of one of Parent's fiscal quarters) after the end of each month during each of Parent's fiscal years,</p>	<p>(b) an unaudited consolidated and consolidating balance sheet, income statement, statement of cash flow, and statement of shareholder's equity covering Parent's and its Subsidiaries' operations during such period and compared to the prior period and plan, together with a corresponding discussion and analysis of results from management, and (c) a Credit Amount Certificate.</p>
<p>As soon as available, but in any event within 45 days after the end of each of Parent's fiscal quarters,</p>	<p>(d) a Compliance Certificate along with the underlying calculations, including the calculations to arrive at EBITDA to the extent applicable, (e) report summarizing the following (i) recurring revenue type for the prior fiscal quarter, and (ii) recurring revenue type for the trailing twelve months, (f) a backlog report detailing all contracts which have been executed but not yet performed, and segmented by estimated period of recognition, (g) a bookings report for the following prior fiscal quarter and the trailing twelve month period by revenue type, (h) IP Reporting Certificate and a Perfection Certificate or a supplement to the Perfection Certificate, (i) attrition data by customer for the prior fiscal quarter by revenue type and for the trailing twelve month period consistent with what was previously provided, and (j) a report regarding Parent's and its Subsidiaries' accrued, but unpaid taxes, including but not limited to a detailed report regarding deemed dividend tax liability, if applicable.</p>

<p>As soon as available, but in any event within 120 days after the end of each of Parent's fiscal years,</p>	<p>(k) consolidated and consolidating financial statements of Parent and its Subsidiaries for each such fiscal year, audited by independent certified public accountants reasonably acceptable to Agent and certified, without any qualifications (including any (A) "going concern" or like qualification or exception, (B) qualification or exception as to the scope of such audit, or (C) qualification which relates to the treatment or classification of any item and which, as a condition to the removal of such qualification, would require an adjustment to such item, the effect of which would be to cause any noncompliance with the provisions of <u>Section 7</u> of the Agreement), by such accountants to have been prepared in accordance with GAAP (such audited financial statements to include a balance sheet, income statement, statement of cash flow, and statement of shareholder's equity, and, if prepared, such accountants' letter to management),</p> <p>(l) a Compliance Certificate along with the underlying calculations, including the calculations to arrive at EBITDA to the extent applicable, and</p> <p>(m) a detailed calculation of Excess Cash Flow.</p>
<p>As soon as available, but in any event within 30 days prior to the start of each of Parent's fiscal years,</p>	<p>(n) copies of Parent's Projections, in form and substance (including as to scope and underlying assumptions) satisfactory to Agent and, in its Permitted Discretion (it being understood that the form of the Projections delivered by Borrower to Agent on September 26, 2014 is acceptable), for the forthcoming 3 years, year by year, and for the forthcoming fiscal year, fiscal quarter by fiscal quarter, certified by the chief financial officer of Parent as being such officer's good faith estimate of the financial performance of Parent during the period covered thereby.</p>
<p>If and when filed by Parent,</p>	<p>(o) Form 10-Q quarterly reports, Form 10-K annual reports, and Form 8-K current reports,</p> <p>(p) any other filings made by Parent with the SEC, and</p> <p>(q) any other information that is provided by Parent to its shareholders generally.</p>
<p>Promptly, but in any event within 5 days after Borrower has knowledge of any event or condition that constitutes a Default or an Event of Default,</p>	<p>(r) notice of such event or condition and a statement of the curative action that Borrower proposes to take with respect thereto.</p>
<p>Promptly after the commencement thereof, but in any event within 5 days after the service of process with respect thereto on Parent or any of its Subsidiaries,</p>	<p>(s) notice of all actions, suits, or proceedings brought by or against Parent or any of its Subsidiaries before any Governmental Authority which reasonably could be expected to result in a Material Adverse Effect.</p>

Upon the request of Agent,	(t) such other reports, including but not limited to a summary aging of the Borrower's Accounts, and a summary aging, by vendor, of Borrower's accounts payable, and any book overdrafts, and as to the Collateral or the financial condition of Parent and its Subsidiaries, as Agent may reasonably request, and (u) any other information reasonably requested relating to the financial condition of Parent or its Subsidiaries.
----------------------------	---

Streamline Health Solutions, Inc.
Code of Business Conduct and Ethics

A Message from Our Chief Executive Officer

A Message To All Associates:

Streamline Health's values guide our strategic thinking and tactical actions. We define these values as the 4 R's: Respect, Responsibility, Relationships, and Results.

- We **Respect** our stakeholders – fellow associates, clients, partners, and shareholders – by being polite and considerate and by acknowledging their needs and desires as we work toward delivering on-going positive financial results.
- We value **Relationships**, with our clients and each other, and are committed to protecting and nurturing them.
- We take **Responsibility** and accept accountability for our actions, the quality of our solutions, and the results we deliver.
- We deliver meaningful and tangible **Results** for each and every stakeholder by executing our strategic and tactical plans to the best of our ability with commitment, passion, and enthusiasm.

Our core values serve as our general principles in conducting business with the highest integrity and the highest ethical standards. Our core values reflect Streamline Health's culture and help to ground us by guiding our day-to-day actions with customers and colleagues.

Streamline Health's Code of Business Conduct and Ethics and related policies provide important guidance to conduct our daily affairs to help us to help us live our core values as we conduct business. They apply to all associates and directors of Streamline Health. As a team, we have worked very hard to build a successful and well-respected company. We simply cannot - and will not - tolerate unethical or inappropriate behavior.

Remember, if you have a question or concern about what is proper conduct for you or anyone else, you may always talk to your supervisor, the SVP, Chief People Officer or the SVP, Chief Legal Counsel. You may also report possible violations by calling the Streamline Health Accountability Hotline at 844-290-0607, where you may choose to remain anonymous.

Now more than ever, building a great company requires an unwavering commitment to the highest ethical standards. Each of us is accountable to do the right thing.

Sincerely,

/s/ ROBERT W. WATSON

Bob Watson

Introduction

Our standards of business conduct serve as an important resource for associates in support of day-to-day decision making. Our standards represent the core of how we create the solid foundation of trust and success that is reflected in our relationships with customers, suppliers, shareowners and each other.

The Streamline Health Code of Business Conduct and Ethics (the “Code”) is applicable to associates of Streamline Health Solutions, Inc. and its subsidiaries (together referred to as “Streamline Health”), all members of the Board of Directors (Board Members) of any Streamline Health company, contractors, consultants, and anyone we authorize to act on Streamline Health’s behalf. The Code establishes the basic foundation of Streamline Health’s ethics by communicating our philosophy and commitment to all of our associates, customers, other stakeholders and the communities in which we do business. The Code should be used as a resource when questions of legal or ethical appropriateness arise on the job. It is not a comprehensive rulebook, but rather a statement of how we commit to do business. We are bound by the Code and the specific operational policies of Streamline Health.

As members of Streamline Health’s team, we all have a personal responsibility to uphold and ensure the letter and spirit of the Code in our individual roles, every single day.

It is important that you are aware of, and never intentionally violate, relevant laws and regulations. Violating relevant laws, regulations, or this Code, or encouraging others to do so, exposes Streamline Health to risk, including risk to its reputation, and therefore may result in disciplinary action up to and including termination of employment.

You should understand that violations of laws or regulations may also result in legal proceedings and penalties including, in some circumstances, civil and criminal penalties that could affect you personally in addition to a risk of adverse consequences to Streamline Health.

You should also be alert to changes in the law or new requirements that may affect your business unit, as well as new products or services that may be subject to special legal requirements.

Streamline Health is built upon a foundation of strong corporate values and business practices. We are fully committed to serving our customers and employing individuals with personal standards consistent with that of our company standards: integrity, professionalism and commitment to superior results. The Code is designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents we file with regulatory agencies and in our other public communications;
- Compliance with applicable laws, rules, and regulations;
- The prompt internal reporting of violations of the Code; and
- Accountability for adherence to the Code.

The Code should help guide your conduct in the course of our business. Many of the principles described in the Code are, however, general in nature, and the Code does not cover every situation that may arise. Use common sense and good judgment in applying the Code. If you have any questions about applying the Code, it is your responsibility to seek guidance. The Code is not the exclusive source of guidance and information regarding the conduct of our business. You should consult applicable policies and procedures in specific areas as they apply.

We are committed to maintaining the highest standards of business conduct and ethics. The Code reflects the business practices and principles of behavior that support this commitment. We expect every associate,

officer and director to read and understand the Code and its application to the performance of your business responsibilities. References in the Code to associates are intended to cover associates, officers and, as applicable, directors.

Officers, managers and other supervisors are expected to develop in associates a sense of commitment to the spirit, as well as the letter, of the Code. Supervisors are also expected to ensure that all agents and contractors conform to Code standards when working for or on behalf of Streamline Health.

The Code addresses conduct that is particularly important to proper dealings with the people and entities with whom we interact. Additionally, it is the responsibility of each associate to apply common sense, together with your own highest personal ethical standards, in making business decisions where there is no stated guideline in the Code.

You should not hesitate to ask questions about whether any conduct may violate the code, voice concerns, or clarify gray areas. In addition, you should be alert to possible violations of the Code by others and report suspected violations, without fear of any form of retaliation.

Violations of the Code will not be tolerated. Any associate who violates the standards in the code may be subject to disciplinary action, which, depending on the nature of the violation and the history of the associate, may range from a warning or reprimand to and including termination of employment and, in appropriate cases, civil legal action or referral for regulatory or criminal prosecution.

The Code is not intended to cover every issue or situation an associate, officer or director may encounter at the Company. The Code should be used as a guide in addition to other Streamline Health policies and guidelines.

Our Responsibilities

As a Streamline Health associate, you are expected to comply with both the letter and the spirit of our Code. This means you must understand and comply with all of our policies, laws and regulations that apply to your job, even if you feel pressured to do otherwise. Our Code also requires you to seek guidance if you have questions or concerns and to cooperate fully in any investigation of suspected violations of the Code that may arise in the course of your employment.

Periodically, you may be asked to provide a written certification that you have reviewed and understand Streamline Health's Code of Business Conduct and Ethics, comply with its standards, and are not personally aware of any violations of the Code by others. This certification is your pledge to live up to our Code and its expectations and to promptly raise concerns about any situation that you think may violate our Code. Associates who violate our Code put themselves, fellow associates, and our company at risk and are subject to disciplinary action up to and including termination of employment.

Leaders, by virtue of their positions of authority, must be ethical role models for all associates.

An important part of a leader's responsibility is to exemplify our corporate values and exhibit the highest standards of integrity. Leaders must communicate the seriousness of our company's expectations for ethical conduct and their own personal support of these expectations by holding everyone accountable for making sound ethical judgments. Leaders must be alert to any situations or actions that may be unethical or potentially damaging to our reputation. They must take prompt action to address such situations and be careful to avoid even the appearance of implicit approval.

Making Good Decisions

In addition to complying with the requirements contained in Streamline Health policies, in specific situations, before taking any action each associate should consider the following questions, and unless the answer to each question is "yes," the action should not be taken:

- Is this action legal, ethical, and socially responsible?
- Does this action comply with both the spirit and the letter of our Code?
- Will this action appear appropriate?
- Is it clear that our company would not be embarrassed or compromised if this action were to become known within our company or publicly?

Asking Questions and Reporting Concerns

You are obligated to report violations of the Code, the law, or any other company policy or procedure. If you have questions, concerns, or need to report a known or suspected violation, you should discuss it with your supervisor, any member of your management team, the SVP, Chief People Officer, the SVP, Chief Legal Counsel or contact the Accountability Helpline where you can report your concern confidentially or anonymously. You may be subject to discipline, up to and including termination, for your failure to do so.

If you think that an actual or possible violation has occurred, it's important to report your concerns immediately to your supervisor, the SVP, Chief People Officer or the SVP, Chief Legal Counsel.

You are encouraged to identify yourself when reporting a possible violation and Streamline Health will make every effort to protect your identity if you do so. You may, however, report a suspected violation anonymously by calling the Accountability Hotline at 844-290-0607.

Commitment to Non-Retaliation

Retaliation against an individual who reports a violation of law or company policy is strictly prohibited. Downgrading an associate's performance rating, limiting an associate's opportunities for assignments or advancement, excluding an associate from corporate or departmental functions, or any other types of retaliation must not be imposed on an associate as punishment for:

- Filing or responding to a good faith complaint, or
- Cooperating in an investigation.

Acting in "good faith" means that you provide all of the information you have and believe you are giving a sincere and complete report. Individuals who take action against a person for making a report or participating in an investigation in good faith will be subject to disciplinary action, up to and including termination, as local law permits.

Complying with the Code of Conduct

Our Legal and Human Capital departments has established processes and procedures to ensure that all internal investigations are conducted by qualified personnel who have been trained to conduct investigations lawfully, promptly, thoroughly, professionally, fairly and confidentially.

Associates must not interfere in internal investigations or engage in their own fact-finding. Rather, you should promptly raise ethics and compliance questions and immediately report suspicious behavior.

Associates and others involved in internal investigations will be treated with dignity and respect. All investigations and any resulting corrective action will be conducted in compliance with local law, applicable Streamline Health policies and any required workers' representative consultation requirements.

All Associates are expected to cooperate in internal investigations, audits, accounting reviews or directions from Streamline Health's inside and outside legal counsel in connection with lawsuits or government investigative proceedings. Searches of company-provided physical and information technology resources may be required. Retaliation will not be tolerated against any associate who cooperates in these kinds of company activities.

After an investigation is completed, appropriate disciplinary and other corrective action will be taken when warranted by the facts. Streamline Health may, in appropriate cases and subject to applicable local law, notify government authorities and cooperate with any resulting prosecution or other government action.

In addition, when legally required or otherwise appropriate, Streamline Health will timely self-report compliance violations to applicable government authorities and cooperate with any resulting official proceedings. The determination of whether and when to refer a matter to government authorities, or to self-report compliance violations, will be made by Streamline Health's SVP, Chief Legal Counsel.

If you think you are being retaliated against, or that an investigation is being conducted inappropriately, you should report it immediately using any of the reporting avenues available to you.

Waivers

Streamline Health will waive application of the policies set forth in this Code only where circumstances warrant granting a waiver based on the best interests of Streamline Health and its stockholders. Any waiver pertaining to an associate must be approved by the SVP, Chief Legal Counsel and by the Chief Executive Officer. Waivers of the Code for directors and executive officers may be made only by those members of the Board of Directors not involved in the possible waiver and must be promptly disclosed as required by law or regulation.

Discrimination

Having a diverse workforce--made up of team members who bring a wide variety of skills, abilities, experiences and perspectives--is essential to our success. We are committed to the principles of equal employment opportunity, inclusion and respect.

All employment-related decisions must be based on company needs, job requirements and individual qualifications. Always take full advantage of what our team members have to offer; listen and be inclusive. We do not tolerate discrimination against anyone--team members, customers, business partners or other stakeholders--on the basis of race, color, religion, national origin, sex (including pregnancy), age, disability, HIV status, sexual orientation, gender identity, marital status, past or present military service or any other status protected by the laws or regulations in the locations where we operate.

We comply with laws regarding employment of immigrants and noncitizens and provide equal employment opportunity to everyone who is legally authorized to work in the applicable country.

We provide reasonable accommodations to individuals with disabilities and remove any artificial barriers to success.

Report suspected discrimination right away and never retaliate against anyone who raises a good faith belief that unlawful discrimination has occurred.

Fair Wages

Streamline Health is committed to following all applicable wage and hour laws and regulations. To help ensure that all work performed for Streamline Health is compensated correctly, associates compensated on the basis of hours worked must report and record time accurately in accordance with established local procedure.

Workplace Safety and Violence Prevention

To preserve associate safety and security, weapons, firearms, ammunition, explosives and incendiary devices are forbidden on our company premises or in our company vehicles. In addition, our company will not tolerate acts or threats of violence, including extreme or inappropriate verbal or physical threats, intimidation, harassment and/or coercion. Behavior that threatens the safety of people or property, or has the potential to become violent, should be immediately reported to your supervisor, Human Capital, law enforcement authorities or the Streamline Health Accountability Hotline.

Substance Abuse

Streamline Health requires associates to work free from the influence of any substance, including drugs and alcohol, that might prevent them from conducting work activities safely and effectively. Our company reserves the right to have any associate tested if there is reasonable suspicion that he or she is under the influence of drugs or alcohol. If you are using prescription or non-prescription drugs that may impair alertness or judgment, or witness an associate impaired and therefore possibly jeopardizing the safety of others or Streamline Health's business interests, you should report it immediately.

If you have a problem related to alcohol or drugs, you are encouraged to seek assistance from the Employee Assistance Program or other qualified professionals.

Associate Information Privacy

Streamline Health will respect the privacy of associates. Our company will collect and handle personal associate information only for business reasons consistent with applicable law. Access to personal associate information is limited only to those who have a legal right to see the information, and then only on a need-to-know basis for the performance of their job. Those who handle personal information are advised on a regular basis of their duty to protect this information. All associates have the right to review and comment on information contained in their personnel records maintained by the company, and may perform other actions with their records as allowed by applicable national data privacy laws.

Proprietary and Confidential Information

One of our most important assets is our confidential information. As an associate of Streamline Health, you may learn of information about our company that is confidential and proprietary. You also may learn of information before that information is released to the general public. Associates who have received or have access to confidential information should take care to keep this information confidential.

Confidential information includes non-public information that might be of use to competitors or harmful to Streamline Health or its customers if disclosed, such as business, marketing and service plans, financial information, product architecture, source codes, engineering and manufacturing ideas, designs, databases, client lists, pricing strategies, personnel data, personally identifiable information pertaining to our associates, clients or other individuals (including, for example, names, addresses, telephone numbers and social security numbers), and similar types of information provided to us by our clients, suppliers and partners.

You are expected to keep confidential and proprietary information confidential unless and until that information is released to the public through approved channels (usually through a press release, an SEC filing or a formal communication from a member of senior management). Every associate has a duty to refrain from disclosing to any person confidential or proprietary information about us or any other company learned in the course of employment here, until that information is disclosed to the public through approved channels.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, notebooks, flash drives, smart phones, computer disks and laptop computers, should be stored securely. Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet is prohibited. You may not discuss our business, information or prospects in any "chat room", regardless of whether you use your own name or a pseudonym. All company emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of Streamline Health, except where required for legitimate business purposes.

Handle information with care. Be cautious and thoughtful when sharing confidential information in writing including e-mails and during private conversations. Consider your surroundings when talking on a cell phone or in a public place. Any confidential information to be sent outside of Streamline Health must only be done for a proper business reason and only where there is an approved and valid non-disclosure agreement in place with the recipient of the confidential information.

If you can answer "yes" to the questions below, the information is confidential and should be protected.

- Is this information unknown to people outside the company?
- Would Streamline Health be disadvantaged or harmed if others knew this information?
- Would your project be jeopardized if the information was not held in confidence?

Physical Assets and Resources

All associates must protect our company assets, such as equipment, inventory, supplies, cash, and information. Treat company assets with the same care you would if they were your own. Use our company resources only to conduct company business. No associate may commit theft, fraud or embezzlement, or misuse company property.

Streamline Health provides an array of information and technology resources intended to maximize our efficiency in carrying out your job such as: e-mail, computers, computer applications, networks, the internet, the intranet, facsimile machines, cell phones, other wireless communication devices, telephones, and voice mail systems. Please remember that these tools are company property and must be used in a manner that reflects positively on Streamline Health and all who work here.

Occasional, limited personal use of these resources is permitted, but cannot interfere with your work performance, or the work performance of your colleagues. We cannot tolerate inappropriate or illegal use of these assets and reserve the right to take appropriate disciplinary actions, as needed, up to and including termination of employment. Such inappropriate use of these resources can include the following:

- Hacking
- Pirating software or video/audio files
- Soliciting
- Distributing literature for outside entities
- Sending inappropriate e-mail
- Accessing inappropriate web sites (such as those advocating hate, violence, sexually explicit material, or promoting illegal activities)
- Distributing confidential, proprietary or trade secret information of Streamline Health outside the company

Streamline Health reserves the right to monitor and inspect, without notice, the use of its information and technology resources.

All associates are expected to protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. Our property, such as office supplies, computer equipment, buildings and products, are expected to be used only for legitimate business purposes, although incidental personal use may be permitted. You may not, however, use our corporate name, any brand name or trademark owned or associated with Streamline Health or any letterhead stationery for any personal purpose.

You may not, while acting on behalf of our company or while using our computing or communications equipment or facilities, either:

- Access the internal computer system (also known as “hacking”) or other resource of another entity without express written authorization from the entity responsible for operating that resource; or
- Commit any unlawful or illegal act, including harassment, libel, fraud, sending of unsolicited bulk email (also known as “spam”) in violation of applicable law, trafficking in contraband of any kind or espionage.

All data residing on or transmitted through our computing and communications facilities, including email and word processing documents, is the property of Streamline Health and subject to inspection, retention and review by our company, with or without an associate’s or third party’s knowledge, consent or approval, and in accordance with applicable law. Any misuse or suspected misuse of our assets must be immediately reported to your supervisor, the SVP, Chief People Officer or the SVP, Chief Legal Counsel.

As associates of Streamline Health, each of us is a steward of its assets. Associates have the obligation to (a) protect and preserve our company's assets and resources and ensure their efficient use and (b) assist our company in its efforts to control costs. Theft, carelessness and waste have a direct impact on our company’s profitability.

Our company assets include, but are not limited to, such things as electronic mail, computer systems, documents, equipment, facilities, information, our company logo and name, materials and supplies. Any use of these assets for purposes other than the discharge of Streamline Health business is to be avoided. Moreover, the use of our company’s assets and resources for personal financial gain is strictly prohibited.

What constitutes misuse of our company assets and resources? How do we know if personal use of our company assets and resources crosses the line of reasonableness?

The following examples are provided as illustrative of misuse and unreasonableness:

- Use of our company facilities for personal gain;
- The excessive use of the telephone or facsimile long-distance for personal purposes;
- The taking of office supplies or equipment for personal consumption or use at home, e.g., using our company equipment to repair personal property;
- The unauthorized copying of computer software programs; and

- The use of our company-issued credit card(s) for personal purchases.

Proper Use of Electronic Media

Our company uses global electronic communications and resources as routine parts of our business activities. However, they can present risks. Therefore, it is essential that electronic resources used to perform company business are protected to ensure that these resources are accessible for business purposes and operated in a cost-effective manner, that our company's reputation is protected, and that we minimize the potential for legal risk.

Computers and all information on Streamline Health computers, as well as any Streamline Health information on your home computer or other device, are company property. Use licensed software or documentation according to licensing agreements, and do not duplicate it without express permission. Protect any passwords that provide access to our company networks.

You are responsible for what you say in an e-mail message. Do not use your Streamline Health title or contact information for personal mail, e-mail or anything other than Streamline Health business unless you have specific permission from your supervisor.

Each associate must ensure that their use of our company information systems, networks and tools meets Streamline Health standards and policies, including Information Technology policies, security and data protection requirements, local legal requirements.

Use of our company's networks is both a necessity and a privilege. If you have access to our information systems and computer networks, you are responsible for using the highest standards of behavior in all of your usage and communications. When you access our networks from remote locations (for example, at home or from other non-company locations), you are subject to the same standards of use as are associates who access our networks while on company premises. Our networks and information systems are for legitimate company-related business purposes. Limited personal use may be acceptable if it is authorized by your work location and does not interfere with your job responsibilities.

Do not use Streamline Health's networks for the following:

- Posting non-business messages to Internet discussion groups and bulletin boards
- Accessing or transmitting sexually explicit, harassing, discriminatory or hateful material
- Soliciting for commercial, charitable, religious or political causes, except as may be approved by company management
- Sending chain mail letters or broadcasting personal messages
- Sending inappropriate, offensive or disruptive messages
- Gaining unauthorized access to databases or information sources at Streamline Health or any other site
- Damaging computer equipment, software or data
- Interfering with or disrupting network users, services or equipment.

Social media is of growing importance in the marketplace. It enables us to learn from and share information with our stakeholders, as well as communicate with the public about our company. In addition to following all company policies, a general rule to remember when utilizing social media is to think about the effect of statements that you make. Keep in mind that these transmissions are permanent and easily transferable, and can affect our company's reputation and relationships with coworkers and customers.

When using social media tools like blogs, Facebook, Twitter or wikis, ensure that you do not make comments on behalf of Streamline Health without proper authorization. Also, you must not disclose our company's confidential or proprietary information about our business, our suppliers or our customers.

Protecting Customer/Third Party Information Privacy

Keeping customer information secure and using it appropriately is a top priority for our company. We must safeguard any confidential information customers or third parties share with us. We must also ensure that such information is used only for the reasons for which the information was gathered, unless further use is allowed by law.

Customer or third party information includes any information about a specific customer/third party, including such things as name, address, phone numbers, financial information, etc. We do not disclose any information about a third party without the written approval unless legally required to do so (for example, under a court-issued subpoena).

Streamline Health is routinely in the possession of “Protected Health Information” as defined in the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, as amended (“HIPAA”). Associates must at all times comply with Streamline Health’s policies regarding the use and possession of Protected Health Information, as well as HIPAA and the regulations promulgated under HIPAA by the United States Department of Health and Human Services.

Intellectual Property and Protecting IP

Our intellectual property is among our most valuable assets. Intellectual property refers to creations of the human mind that are protected by various national laws and international treaties. Intellectual property includes copyrights, patents, trademarks, trade secrets, design rights, logos, expertise, and other intangible industrial or commercial property. We must protect and, when appropriate, enforce our intellectual property rights. We also respect the intellectual property belonging to third parties. It is our policy to not knowingly infringe upon the intellectual property rights of others.

As an associate, the things you create for Streamline Health belong to our company. This “work product” includes inventions, discoveries, ideas, improvements, software programs, artwork, and works of authorship. This work product is our company’s property (it does not belong to individuals) if it is created or developed, in whole or in part, on company time, as part of your duties or through the use of company resources or information. Associates must promptly disclose to Streamline Health, in writing, any such work product and cooperate with our efforts to obtain protection for our company. To ensure that our company receives the benefit of work done by outside consultants, it is essential that an appropriate agreement or release be in place before any work begins.

We value and encourage the protection of our intellectual property (such as patents, trade secrets, copyrights and trademarks) and proprietary information while simultaneously respecting the valid intellectual property rights of third parties. Intellectual property laws protect many materials you may use during your course of employment. Copyright laws protect materials such as computer software, music, artwork, audio, and videotapes, books, presentations, and training materials. Patent laws protect inventions, trade secret laws protect proprietary information, and trademark laws protect product and services names.

We value new product and business ideas, concepts, and other information we produce. When we do not identify or otherwise protect this “intellectual property”, our company risks losing rights to it and the competitive advantages it offers.

Protect intellectual property from illegal or other misuse by making sure it is affixed with or identified by appropriate trademark, service mark, copyright notice or patent marking. Disclose to management any innovation developed on company time or using company information or resources, so that our company can decide whether to seek formal protection.

Licenses must be obtained to use intellectual property belonging to someone else or we must purchase the outright ownership of the property. In the case of property rights with an expiration date, such as patents, you must be sure that this date has passed if licensing or outright purchase is not feasible. Avoid infringing on the IP rights of others.

Do not:

- Disclose non-public intellectual property inappropriately or without approval from the Legal department
- Use company resources or time to create or invent something unrelated to our business
- Use a previous employer's intellectual property without that company's permission
- Make unauthorized copies of software or licensed information, except as specified in the licensing agreement
- Photocopy magazine/journal articles or other publications unless you have the authority or license to do so
- Hire a competitor's employee to obtain that competitor's trade secrets
- Affix the trademark of another company to goods without authorization
- Fail to remove another's trademark when the goods or parts are remanufactured
- Erroneously allege patent infringement or mark a product with an untrue patent notice

Antitrust and Fair Competition

It is the policy of Streamline Health that all directors, officers, and associates comply with antitrust and competition laws. International, US federal and state antitrust and competition laws prohibit efforts and actions to restrain or limit competition between companies that otherwise would be competing for business in the marketplace.

You must be particularly careful when you interact with any employees or representatives of Streamline Health's competitors. You should use extreme care to avoid any improper discussions with our competitors, especially at trade association meetings or other industry or trade events where competitors may interact. Under no circumstances should you discuss customers, prospects, pricing, or other business terms with any employees or representatives of our competitors. If you are not careful, you could find that you have violated antitrust and competition laws if you discuss or make an agreement with a competitor regarding:

- Prices or pricing strategy,
- Discounts,
- Terms of our customer relationships,
- Sales policies,
- Marketing plans,
- Customer selection,
- Allocating customers or market areas, or
- Contract terms and contracting strategies.

Agreements with competitors do not need to be written in order to violate applicable antitrust and competition laws. Informal, verbal, or implicit understandings, i.e., knowing winks, are also violations. Antitrust violations in the U.S. may be prosecuted criminally as felonies and can result in severe penalties for Streamline Health and any associate or other person who participates in a violation.

Honest Advertising and Marketing

It is our responsibility to accurately represent Streamline Health and our products in our marketing, advertising and sales materials. Deliberately misleading messages, omissions of important facts or false claims about our products, individuals, competitors or their products, services, or employees are inconsistent with our values. Sometimes it is necessary to make comparisons between our products and our competitors. When we do we will make factual and accurate statements that can be easily verified or reasonably relied upon.

Communicating with External Parties

Streamline Health associates are not authorized to speak with the media, investors, and analysts on behalf of our company unless authorized by our SVP, Chief Marketing Officer. Unless authorized, do not give the impression that you are speaking on behalf of Streamline Health in any communication that may become public. This includes posts to online forums, social media sites, blogs, chat rooms, and bulletin boards. This policy also applies to comments to journalists about specific matters that relate to our businesses, as well as letters to the editor and endorsements of products or services.

To ensure professional handling, all media requests and requests from financial analysts, stockholders, and industry analysts must be directed to the SVP, Chief Marketing Officer.

Obtain Competitive Information Fairly

Gathering information about our competitors often called competitive intelligence is a legitimate business practice. Doing so helps us stay competitive in the marketplace; however, we must never use any illegal or unethical means to get information about other companies. Legitimate sources of competitive information include publicly available information such as news accounts, industry surveys, competitors' displays at conferences and trade shows, and information publicly available on the Internet. You may also gain competitive information appropriately from customers and suppliers (unless they are prohibited from sharing the information) and by obtaining a license to use the information or actually purchasing the ownership of the information. When working with consultants, vendors, and other partners, ensure that they understand and follow Streamline Health policy on gathering competitive information.

Anti-Money Laundering

Money laundering is a global problem with far-reaching and serious consequences. Money laundering is defined as the process of converting illegal proceeds so that funds are made to appear legitimate, and it is not limited to cash transactions. Complex commercial transactions may hide financing for criminal activity such as terrorism, illegal narcotics trade, bribery, and fraud. Involvement in such activities undermines our integrity, damages our reputation and can expose Streamline Health and individuals to severe sanctions. Our company forbids knowingly engaging in transactions that facilitate money laundering or result in unlawful diversion.

We take affirmative steps to detect and prevent unacceptable or illegal forms of payment and financial transactions. Anti-money laundering laws of the United States and other countries and international organizations require transparency of payments and the identity of all parties to transactions. We are committed to full compliance with anti-money laundering laws throughout the world and will conduct business only with reputable customers involved in legitimate business activities and transactions.

Selection and Use of Third Parties/Procurement (Fair Purchasing)

We believe in doing business with third parties that embrace and demonstrate high principles of ethical business behavior. We rely on suppliers, contractors, and consultants to help us accomplish our goals. They are part of the Streamline Health team and should be treated according to our values. To create an environment where our suppliers, contractors, and consultants have an incentive to work with Streamline Health, they must be confident that they will be treated in an ethical manner. We offer fair opportunities for prospective third parties to compete for our business. The manner in which we select our suppliers and the character of the suppliers we select reflect on the way we conduct business.

Anti-corruption / Anti-bribery

The United States and many other countries have laws that prohibit bribery, kickbacks, and other improper payments. No Streamline Health associate, officer, agent, or independent contractor acting on our behalf may offer or provide bribes or other improper benefits in order to obtain business or an unfair advantage. A bribe is defined as directly or indirectly offering anything of value (e.g., gifts, money, or promises) to influence or induce action, or to secure an improper advantage.

The Foreign Corrupt Practices Act and other U.S. laws prohibit payment of any money or anything of value to a foreign official, foreign political party (or official thereof), or any candidate for foreign political office for the purposes of obtaining, retaining or directing of business. We expect all associates, officers, agents, and independent contractors acting on behalf of Streamline Health to strictly abide by these laws.

All associates are required to comply strictly with the United States Foreign Corrupt Practices Act (the "FCPA"). In essence, no associate shall make or promise to make, directly or indirectly, any payment of money or object of value to any foreign official of a government, political party, or a candidate for political office for the purpose of inducing or influencing actions in any way to assist our company in obtaining or retaining business for or with Streamline Health.

A "bribe" is giving anything of value that would improperly influence or appear to improperly influence the outcome of a transaction. "Anything of value" is very broadly defined and can include such things as:

- Cash
- Gifts
- Meals
- Entertainment
- Travel and lodging
- Personal services
- Charitable donations
- Business opportunities
- Favors
- Offers of employment

Facilitation payments are generally requested in connection with obtaining ordinary licenses, work permits, processing of visas and other similar customary governmental services. Facilitating payments of a reasonable and customary amount paid to lower-level government officials in foreign countries to perform non-discretionary functions or services which they are obligated to perform are not illegal under United States law as long as payments are customary in a particular country and are the only feasible way to obtain government services or action to which Streamline Health is legally entitled. However, such facilitating payments may not be legal under local law. Legal advice concerning any such proposed payment must be sought in advance from, and be approved by, Streamline Health Solutions SVP, Chief Legal Counsel before any payments are made.

Bribery and improper payments can also arise in situations that do not involve a government official. The exchange of appropriate gifts and entertainment is often a way to build our business relationships. However,

you must conduct business with customers, suppliers, and government agencies (including U.S. and non-U.S. governments) without giving or accepting bribes including (but not limited to) commercial bribery and kickbacks.

- Commercial bribery involves a situation where something of value is given to a current or prospective business partner with the intent to obtain business or influence a business decision.
- Kickbacks are agreements to return a sum of money to another party in exchange for making or arranging a business transaction.

You must avoid participating in commercial bribery and kickbacks, or even the appearance of it, in all of our business dealings. Even in locations where such activity may not, technically speaking, be illegal, it is absolutely prohibited by our company policy.

The U.S. Foreign Corrupt Practices Act (FCPA) makes it a crime for Streamline Health, or any of our subsidiaries, officers, agents, or associates to directly or indirectly offer or pay a bribe to a foreign official. The FCPA applies to payments to any foreign official, regardless of rank or position.

The term “foreign official” refers to any person acting in an official capacity for any of the following:

- Any foreign government including any department, agency, military branch, court or legislature
- Any partially or wholly-owned government entity, such as a nationalized corporation or industry, including government-owned hospitals and other healthcare providers
- Any political party, including party officials or candidates
- Employees of public international organizations (or any of their departments or agencies) such as The World Bank, the International Finance Corporation or the Red Cross
- Any member of a royal family

Payments to a foreign official are considered corrupt when made for the purpose of influencing a foreign official to misuse his or her official capacity in a way that helps our company obtain or retain business or obtain legislation, regulation, or rulings that would benefit our business. If Streamline Health cannot obtain a contract without paying a bribe, you should report the matter to your supervisor and the Legal department and walk away from the deal. Our reputation for integrity is more important than the profit from any contract.

You should be alert to a possible FCPA violation if any of the following occur:

- A request that a commission be paid in cash, in another name, or to an address in another country
- Unexplained large expenses on a travel & entertainment expense report
- An agent demanding a higher than normal commission for a transaction
- Any agent or salesperson who says he or she is working with a government official to give our company the contract

If you have any questions about a payment, potential ownership of companies, or general questions about violations, contact your supervisor and/or Legal department. If you become aware of any possible violations of this policy, it is your duty to promptly notify the Legal department or make an anonymous report through the Accountability Helpline.

Gifts and Entertainment

Modest gifts, favors, and entertainment are often used to strengthen business relationships. However, no gift, favor or entertainment should be accepted or given if it obligates, or appears to obligate, the recipient, or if it might be perceived as an attempt to influence fair judgment. In general, unless you have supervisory

approval you should not provide any gift or entertainment to customers, suppliers, or others that you would not be able to accept from a customer, supplier, or other applicable parties.

- Never give or accept cash or its equivalent in connection with a business transaction.
- Never promise or make loans or investments of any kind without first obtaining approval from the SVP, Chief Financial Officer and SVP, Chief Legal Counsel.

Our associates, officers, directors, family members, agents or agent's family member are prohibited to offer, accept, or receive a gift or entertainment if it:

- Is in cash,
- Is not consistent with customary business practices,
- Is extravagant in value,
- Can be construed as a kickback, bribe or payoff in violation of any law, including a bribe to a government official in violation of the U.S. Foreign Corrupt Practices Act,
- Violates any other laws or regulations, or
- Could cause embarrassment to or discredit our company if disclosed.

Specific laws apply to interactions with government officials and employees. For example, the U.S. and other countries have strict laws that prevent providing anything, including food or beverages, to a government employee. When doing business with government agents, employees, or officials be sure you understand applicable laws as well as local customs and norms. Please discuss with your supervisor or the Legal department any gifts or proposed gifts that you are not certain are appropriate.

Trade Compliance (Export/Import Control)

We comply with all United States federal import and export laws and regulations. These laws restrict transfers, exports, and sales of products, software or technical data from the United States to certain prescribed countries and persons as well as re-export of certain such items from one non-U.S. location to another. Many countries in which we operate have similar laws and regulations. If you are involved in importing and exporting goods and data, you are responsible for knowing and following these laws. All contracts to provide software, goods or services outside the United States must have approval from the SVP, Chief Legal Counsel.

Government Customers/Contracting

When doing business with federal, state, or local governments, we must ensure all statements and representation to government procurement officials are accurate and truthful, including costs and other financial data. Misstatements to government entities can have severe consequences to both the company and our associates. If your assignment directly involves the government or if you are responsible for someone working with the government on behalf of Streamline Health, be alert to the special rules and regulations applicable to our government customers. Additional steps should be taken to understand and comply with these requirements. Any conduct that could appear improper should be avoided when dealing with government officials and employees. Payments, gifts, or other favors given to a government official or employee are strictly prohibited as it may appear to be a means of influence or a bribe. Failure to avoid these activities may expose the government agency, the government employee, our company, and you to substantial fines and penalties. For these reasons, any sale of our products or services to any federal, state, or local government entity must be in accordance with our company policy.

Maintain Accurate Financial Records / Internal Accounting Controls

Accurate and reliable records are crucial to our business. We are committed to maintaining accurate company records and accounts in order to ensure legal and ethical business practices and to prevent fraudulent activities. We are responsible for helping ensure that the information we record, process, and analyze is accurate, and recorded in accordance with applicable legal or accounting principles. We also need to ensure that it is made secure and readily available to those with a need to know the information on a timely basis.

Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files, and all other records maintained in the ordinary course of our business. All company records must be complete, accurate, and reliable in all material respects. There is never a reason to make false or misleading entries. Undisclosed or unrecorded funds, payments, or receipts are inconsistent with our business practices and are prohibited.

Investors count on us to use and provide accurate information so they can make good decisions. The following are examples of activities not allowed:

- Maintaining undisclosed or unrecorded funds or assets for any purpose.
- Making, or asking others to make, false, misleading, or artificial entries on an expense report, time sheet or any other report.
- Giving false quality or safety results.
- Recording false sales or recording sales outside of the time period they actually occurred.
- Understating or overstating known liabilities and assets.
- Delaying the entry of items that should be current expenses.
- Hiding the true nature of any transaction.
- Providing inaccurate or misleading information for company benefit programs.

Be sure that any document you prepare or sign is correct and truthful.

We must ensure that the accounting and financial records of our company meet the highest standards of accuracy and completeness. Reporting accurate, complete and understandable information about our business, earnings, and financial condition is an essential responsibility of each associate.

It is also your responsibility as an associate of our company to make open and full disclosure to, and cooperate fully with, outside accountants in connection with any audit or review of our company's financial statements. If you have reason to believe that any of our company's books and records are being maintained in a materially inaccurate or incomplete manner, you are required to report this immediately to your manager, the SVP, Chief Financial Officer, or the SVP, Chief Legal Counsel.

We rely on you to come forward if you feel that you are being pressured to prepare, alter, conceal or destroy documents in violation of our company policy. In addition, you must report to any of the individuals mentioned above if you have any reason to believe that someone has made a misleading, incomplete, or false statement to an accountant, auditor, attorney or government official in connection with any investigation, audit, examination or filing with any government agency or regulatory body.

Manage Records Properly

Our records are our corporate memory, providing evidence of actions and decisions and containing data and information critical to the continuity of our business. Records consist of all forms of information created or received by Streamline Health, whether originals or copies, regardless of media. Examples of company records include paper documents, e-mail, electronic files stored on disk, tape or any other medium (CD, DVD, USB data storage devices, etc.) that contains information about our company or our business activities.

All records are the property of Streamline Health and should be retained in accordance with our Records Retention Policy. We are responsible for properly labeling and carefully handling confidential, sensitive, and proprietary information and securing it when not in use.

We do not destroy official company documents or records before the retention time expires, but do destroy documents when they no longer have useful business purpose. Refer to the Records Retention Schedule for more specific retention and destruction guidelines.

Most of us participate to some extent in recording, processing, or analyzing financial or other information, or in the review and audit of these activities. These processes exist to assist in business decision-making and the evaluation of Streamline Health's performance by our Board and senior management. They are also necessary to ensure compliance with legal and other requirements pertaining to the retention of information and its disclosure to others, including to investors and regulators.

- Never make, or ask others to make, a false or misleading entry or report. This applies whether the report is financial or non-financial or for internal or external use.
- Always record business transactions and payments accurately and in accordance with our company policies.
- Never use or transfer Streamline Health funds for any purpose that would be in violation of any law, regulation, or company policy.
- If you have any questions or concerns about Streamline Health's financial records, internal accounting controls, or audit practices, discuss the matter with your supervisor, manager, or the SVP, Chief Legal Counsel.

Avoiding Conflicts of Interest

We have an obligation to make sound business decisions in the best interests of Streamline Health without the influence of personal interests or gain. Our company requires you to avoid any conflict, or even the appearance of a conflict, between your personal interests and the interests of our company. A conflict exists when your interests, duties, obligations or activities, or those of a family member are, or may be, in conflict or incompatible with the interests of Streamline Health. Conflicts of interest expose our personal judgment and that of our company to increased scrutiny and criticism and can undermine our credibility and the trust that others place in us.

Should any business or personal conflict of interest arise, or even appear to arise, you should disclose it immediately to leadership for review. In some instances, disclosure may not be sufficient and we may require that the conduct be stopped or that actions taken be reversed where possible. As it is impossible to describe every potential conflict, we rely on you to exercise sound judgment, to seek advice when appropriate, and to adhere to the highest standards of integrity.

Every associate, officer, and director of our company is expected to act in the best interests of Streamline Health and to protect our reputation from any conflicts. We should also be sensitive to even the appearance of a conflict. This means that associates, officers, and directors should avoid any investment, interest, association, or activity that may cause others to doubt there or our company's fairness or integrity, or that may interfere with their ability to perform job duties objectively and effectively. Many potential conflicts of interest can be prevented or remedied by making full disclosure of the situation to your supervisor or functional leader. Our supervisors and leaders are responsible to ensure that Streamline Health's interests are protected from conflicts of interest.

What are some activities that could represent conflicts of interest?

- Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business, or competes with our company.
- Holding a second job that interferes with your ability to do your regular job.
- Employing, consulting, or serving on the board of a competitor, customer, supplier, or other service provider.
- Hiring a supplier, distributor, or other agent managed or owned by a relative or close friend.
- Soliciting or accepting any cash, gifts, entertainment, or benefits that are more than modest in value from any competitor, supplier, or customer.
- Taking personal advantage of corporate opportunities.

Serving on the board of directors or an advisory committee of for-profit and non-profit organizations may present many opportunities for conflicts of interest. Before agreeing to become a member of the board of directors or an advisory committee of any for-profit organization, you should contact the legal department to determine the relationship, if any, existing between our company and the for profit organization. To make sure activities relating to non-profit or community organizations do not create a conflict of interest or other problem, you should notify your supervisor of your prospective membership before you agree to the board service. You may not serve on the board of directors of a company or organization that raises the potential for a significant conflict of interest (e.g., certain competitive, supplier or customer relationships).

If approved for serving on the board of directors of an outside company or organization, you may not conduct outside business during working hours or use company assets or information in any work for another business.

A conflict of interest also may arise if outside employment activities impair timely and effective performance for our company. You should not take employment or provide consulting services for any business entity that is a supplier or competitor of Streamline Health. You should ensure that any outside activity is strictly separated from your employment. You should not use any company resources or personnel for activities not relating to Streamline Health. You may engage in outside employment or business ventures if that activity does not compete against Streamline Health, does not provide goods or services to Streamline Health, or does not violate your confidentiality or other obligations to Streamline Health. Because taking outside employment may create or appear to create a conflict of interest, you must notify your leadership before accepting another position.

You have a duty to our company to advance our legitimate interests should the opportunity arise. You should not take personal advantage of opportunities or favors offered to you by virtue of your employment with Streamline Health.

Be respectful of company property, information, and position, and make sure that you and your family members don't use them for personal gain. Discounts on personal purchases of a supplier or customer's products or services should not be accepted unless such discounts are offered to all associates in general.

Insider Trading

You are prohibited from trading or enabling others to trade Streamline Health Solutions, Inc. stock or stock of another company—such as a customer, supplier, competitor, potential acquisition or alliance—while in possession of material nonpublic information ("inside information") about that company. Material information is any information that an investor might consider important in deciding whether to buy, sell, or hold securities. Information is considered non-public if it has not been adequately disclosed to the public. Information is not considered public until the first business day after it has been disclosed to the public. All non-public information about Streamline Health or about companies with which we do business is considered confidential information. To use material non-public information in connection with buying or selling securities, including "tipping" others who might make an investment decision on the basis of this

information, is not only unethical, it is illegal. We must exercise the utmost care when handling material inside information.

Our company shares information openly with our associates. At times, we may receive confidential company information before it is made publicly available to ordinary investors. Some of that information may be considered significant, or “material”, and could be important to an investor deciding to buy, sell or hold securities, such as Streamline Health Solutions, Inc. stock. Examples of information that could be material are:

- Information about possible business deals, such as a merger, purchase, sale, or joint venture.
- Financial results or changes in dividends.
- Important management changes.
- Significant solution, product or manufacturing process developments.
- Gain or loss of a significant customer or supplier.
- Major lawsuit or regulatory investigation.
- Any other information that may positively or negatively affect the stock price of Streamline Health Solutions, Inc. or any other company.

We must not use confidential information for personal benefit, trade securities based on material inside information, or provide inside information to others. You may purchase and sell Streamline Health Solutions, Inc. stock, exercise options granted to them or transfer stock into or out of Streamline Health Solutions, Inc. stock funds in any company savings plan or other benefit plan when you are not in possession of material inside information.

Consult with your supervisor or the legal department if you are unsure whether you have material inside information at any point in time.

Consistent with the high professional standards of our company, we comply with federal laws, which require that persons trading in company securities have fair and equal access to “material information” about publicly traded companies. Insider trading refers to any transactions on the basis of material information that is non-public, i.e., not disclosed to the public in a press release or SEC filing. Information is considered “material” if dissemination of the information would be likely to be considered important by investors who are considering trading in the company's stock.

During the course of employment, you may have access to material information that is not yet public. It is illegal to financially profit by buying or selling Streamline Health Solutions, Inc. stock, or the stock of another publicly traded company with which our company has business dealings, on the basis of inside information. It is also illegal to pass on (or “tip”) the information to a third party to trade. Transactions on the basis of inside information are subject to civil and criminal penalties, as well as disciplinary action by the company.

Streamline Health has a separate Insider Trading Guidelines policy, which applies to all associates.

Social Responsibility

Consistent with the 4 R's (Respect, Responsibility, Relationships, and Results), we pride ourselves on being a company that operates with integrity, makes good choices, and does the right thing in every aspect of our business. We will continually challenge ourselves to define what being a responsible company means to us, and work to translate our definition into behavior and improvements at Streamline Health. We seek to align our social and environmental efforts with our business goals and continue to develop both qualitative and quantitative metrics to assess our progress.

Political Activities and Contributions

You may support the political process through personal contributions or by volunteering your personal time to the candidates or organizations of your choice. These activities, however, must not be conducted on company time or involve the use of any company resources such as telephones, computers or supplies. You may not make or commit to political contributions on behalf of Streamline Health.

Charitable Contributions

We support community development throughout the world. Streamline Health associates may contribute to these efforts, or may choose to contribute to organizations of their own choice. However, as with political activities, you may not use company resources to personally support charitable or other non-profit institutions not specifically sanctioned or supported by our company. You should consult the Legal Department or Human Capital if you have questions about permissible use of company resources.

Human Rights

We are committed to upholding fundamental human rights and believe that all human beings around the world should be treated with dignity, fairness, and respect.

Our company will only engage suppliers and direct contractors who demonstrate a serious commitment to the health and safety of their workers, and operate in compliance with human rights laws. Streamline Health does not use or condone the use of slave labor or human trafficking, denounces any degrading treatment of individuals or unsafe working condition, and supports our products being free of conflict minerals.

Environmental Stewardship

We are committed to conducting business in an environmentally responsible manner and strive to improve our performance to benefit our associates, customers, communities, shareholders, and the environment. We use energy wisely and efficiently and employ technology to minimize any risk of environmental impact. Associates whose work affects environmental compliance must be completely familiar with the permits, laws, and regulations that apply to their work. All associates are responsible for making sure that Streamline Health business is conducted in compliance with all applicable laws and in a way that is protective of the environment.

Exhibit 21.1

STREAMLINE HEALTH SOLUTIONS, INC.

SUBSIDIARIES OF STREAMLINE HEALTH SOLUTIONS, INC.

<u>Name</u>	<u>Jurisdiction of Incorporation</u>	<u>% Owned</u>
Streamline Health, Inc.	Ohio	100%
Unibased Systems Architecture, Inc.	Missouri	100%

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Streamline Health Solutions, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-183899, 333-166843, 333-190045) on Form S-3 and (Nos. 333-184959, 333-28055, 333-18625, 333-20765, 333-125393, 333-174775, 333-188763, 333-188764) on Form S-8 of Streamline Health Solutions, Inc. of our reports dated April 16, 2015, with respect to the consolidated balance sheets of Streamline Health Solutions, Inc. and subsidiaries as of January 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for each of the years in the two-year period ended January 31, 2015, and related financial statement schedule, and the effectiveness of internal control over financial reporting as of January 31, 2015, which reports appear in the January 31, 2015 annual report on Form 10-K of Streamline Health Solutions, Inc.

/s/ KPMG LLP

Atlanta, Georgia
April 16, 2015

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Streamline Health Solutions, Inc.

Atlanta, Georgia

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-183899, 333-166843, 333-190045) and on Form S-8 (Nos. 333-184959, 333-28055, 333-18625, 333-20765, 333-125393, 333-174775, 333-188763, 333-188764) of Streamline Health Solutions, Inc. of our report dated April 26, 2013, relating to the consolidated financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ BDO USA, LLP

Chicago, Illinois

April 16, 2015

Exhibit 31.1

STREAMLINE HEALTH SOLUTIONS, INC.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David W. Sides, certify that:

I have reviewed this annual report on Form 10-K of Streamline Health Solutions, Inc.;

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

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

The registrant'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 Registrant and have:

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

Designed such internal controls over financial reporting, or caused such internal controls 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;

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

Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonable expected to materially affect the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

April 16, 2015

/s/ David W. Sides
Chief Executive Officer and
President

Exhibit 31.2

STREAMLINE HEALTH SOLUTIONS, INC.

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nicholas A. Meeks, certify that:

I have reviewed this annual report on Form 10-K of Streamline Health Solutions, Inc.;

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

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

The registrant'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 Registrant and have:

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

Designed such internal controls over financial reporting, or caused such internal controls 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;

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

Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonable expected to materially affect the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

April 16, 2015

/s/ Nicholas A. Meeks
Chief Financial Officer

Exhibit 32.1
STREAMLINE HEALTH SOLUTIONS, INC.

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

I, David W. Sides, Chief Executive Officer and President of Streamline Health Solutions, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C Section 1350, that:

The annual report on Form 10-K of the Company for the annual period ended January 31, 2015 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C 78m); and

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

/s/ David W. Sides

Chief Executive Officer and
President
April 16, 2015

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2
STREAMLINE HEALTH SOLUTIONS, INC.

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

I, Nicholas A. Meeks, Chief Financial Officer of Streamline Health Solutions, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C Section 1350, that:

The annual report on Form 10-K of the Company for the annual period ended January 31, 2015 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C 78m); and

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

/s/ Nicholas A. Meeks
Chief Financial Officer
April 16, 2015

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.