UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended January 31, 2014

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	**31-1455414**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1230 Peachtree Street, NE, Suite 600,
Atlanta, GA 30309
(Address of principal executive offices) (Zip Code)
(404) 446-2052
(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 x

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 x

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 x 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 x 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 x	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 x

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, 2013, was $88,606,933.

The number of shares outstanding of the Registrant's Common Stock, $.01 par value, as of May 22, 2014: 18,176,120

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 timing and closing of the asset acquisition from CentraMed, Inc., 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;
- 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 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 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 is patented with 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. They 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 their 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 AccessAnyWare, 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 help 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 AccessAnyWare 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 February 2012, the Company entered into a joint marketing agreement with FTI Consulting, a global business advisory firm that helps organizations protect and enhance their enterprise value. As part of the agreement, which has an initial term of three years, FTI Consulting promotes the benefits of the Company’s business intelligence and analytic software solutions, and the Company promotes FTI Consulting’s consulting services to their respective clients and prospects in consideration for a share of revenues from successful placements.

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 (OpportunityAnyWare™) 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 OpportunityAnyWare™ to facilitate the revenue recovery services it provides to its clients, known as RCover. With OpportunityAnyWare, 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 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.

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.

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 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 monthly for a specified term from one to seven years in length depending on the solution. 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, which is billed separately from the SaaS fees. Professional services are typically fixed-fee arrangements billable to clients based on agreed-to milestones.

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 the contract 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, 2014, the Company had 108 full-time associates, a net decrease of nine during fiscal 2013. 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, 2014 and 2013, our five largest clients accounted for 31% and 27% of our total revenues, respectively. There can be no assurance that a client will not cancel all or any portion of a master agreement or delay installations. A termination or installation delay of one or more phases of an agreement, or our failure to procure additional agreements, could have 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 business. 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. There can be no assurance that we will be able to keep pace with changing conditions and new developments such that we will 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 do not have any patent protection on any of 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 claims such as described in the foregoing sentences, 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 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, the subordinated term loan was paid in full. The outstanding senior term loan is secured by substantially all of our assets. We are subject to certain financial and operational covenants pursuant to the senior credit facility. We received a waiver from the lender for noncompliance with certain loan covenants at January 31, 2014. 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, particularly in the current credit environment that is not favorable to borrowers. 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 lender. 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 any other filings by us 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. One of our most critical estimates is the capitalization of software development costs. 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 our 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. At January 31, 2014, we identified material weaknesses in our internal controls over financial reporting. These material weaknesses are discussed further within Item 9A "Controls and Procedures" of this Form 10-K. Management cannot be certain that other deficiencies will not arise in the future or be identified or that we will be able to correct and maintain adequate controls over financial processes and reporting and disclosure controls and procedures in the future. 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 are a receiver of 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 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 Capital 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 common stock or preferred stock (with the exception of certain restrictions under our outstanding preferred stock), including any 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 May 31, 2014, 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 2013, the aggregate rental expense for the Company's leased properties was $1,179,000. 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	October 31, 2022	None
Cincinnati, OH	21,700	Satellite Office	July 15, 2015	None
New York, NY	10,000	Satellite Office	August 31, 2014	None
Cincinnati, OH	1,166	Data Center	June 1, 2012	Auto-renewal

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 second quarter of fiscal 2014, the Company relocated its Corporate Office in Atlanta, GA to new space at the same building it was previously. During the third quarter of fiscal 2014, the Company is relocating its New York office to a new location with 10,350 sq. feet.

ITEM 3. ***Legal Proceedings***

The Company is, from time to time, a party to various legal proceedings and claims, which arise, in the ordinary course of business. Management is not aware of any legal matters that it believes will have a material adverse effect on the Company’s consolidated results of operations, consolidated financial position, or consolidated cash flow.

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 2013 and 2012, as reported by NASDAQ. The closing price of the Company's common stock on May 22, 2014 was $5.01 per share as reported by NASDAQ.

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

Fiscal Year 2012	High	Low
4th Quarter (November 1, 2012 through January 31, 2013)	$ 6.00	$ 4.75
3rd Quarter (August 1, 2012 through October 31, 2012)	6.60	3.50
2nd Quarter (May 1, 2012 through July 31, 2012)	4.59	1.70
1st Quarter (February 1, 2012 through April 30, 2012)	1.88	1.61

According to the stock transfer agent's records, the Company had 211 stockholders of record as of May 22, 2014. 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/restricted under debt agreements.

For information regarding securities authorized for issuance under equity compensation plans, see Item 12 of this Form 10-K.

ITEM 6. ***Selected Financial Data***

Not applicable.

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

EXECUTIVE OVERVIEW

In fiscal 2013, management focused on implementing the strategic objectives of the Five-Year Plan adopted in April 2013. The plan contains four strategic objectives that we believe will strengthen our performance 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, offer Solutions Optimization advisory services to help maximize our clients' Return on Investment. We designed and deployed these new services in the first quarter of last year to help augment sales, retain clients and create upsell opportunities, as well as to generate incremental revenues. Our first client signed a Solutions Optimization agreement in February last year. Today more than 25 percent of our Financial Analytics client base uses these services and we are expanding this offering into our other solution suites.

Second, as clients begin to look at the ability to link clinical decision-making and patient outcomes to financial results through analytics, we plan to broaden our suite to include Clinical Analytics. In October of 2013 we announced the exclusive license of a clinical analytics platform from Montefiore Medical Center in the Bronx, NY. This capability enables us to offer meaningful and relevant solutions that place us squarely in the population health management trend that is of critical importance to healthcare providers. Our ability to empower clients with clinical and financial analytics has never been more important. According to Cowen and Company's 4Q 13 Hospital CIO Survey, "we won't see accelerating HCIT spending growth in 2014… However, HCIT vendors with robust analytics capabilities could experience a nice tail wind fueled by population health-related initiatives…"

Third, 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 PFS expenses and to improve financial clearance and POS collection execution before a patient receives care. So on February 3, 2014, we acquired Unibased Systems Architecture, Inc., which has developed top-ranked solutions in both Patient Scheduling and Surgery Management. The offerings from Unibased have extended our solutions suite to 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 ACO relationships.

Fourth, our clients are experiencing substantial reductions in revenue growth, which has placed greater importance on cost management. Many of the largest healthcare providers in the industry today cannot accurately demonstrate the impact of cost on their profit margins. We believe that by offering a complete financial analytics solution - including Financial Decision Support capabilities - we will have a unique and compelling selling proposition. On May 6, 2014, we agreed to acquire CentraMed, Inc. which has leading SaaS-based cost management solutions. We expect the CentraMed acquisition to close in the second quarter of 2014. We believe that the CentraMed acquisition will augment our financial management suite of solutions.

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 on-going opportunities for the Company to partner with our current clients and prospects to help them meet and exceed these new standards. With the expansion of our solution suite we now offer specific workflows in four distinct areas of need for healthcare enterprises: Patient Engagement; Patient Access; HIM, Coding & CDI; and Financial Management.

Results of Operations

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

	Fiscal Year			
	2013	**2012**	**Change**	**% Change**
System sales	$ 3,240	$ 1,463	$ 1,777	121 %
Professional services	3,642	3,793	(151)	(4)%
Maintenance and support	13,986	11,211	2,775	25 %
Software as a service	7,627	7,300	327	4 %
Total revenues	28,495	23,767	4,728	20 %
Cost of sales	13,179	11,593	1,586	14 %
Selling, general and administrative	14,546	10,061	4,485	45 %
Product research and development	7,088	2,948	4,140	140 %
Total operating expenses	34,813	24,602	10,211	42 %
Operating loss	(6,318)	(835)	(5,483)	657 %
Other income (expense), net	(5,499)	(7,432)	1,933	(26)%
Income tax benefit	100	2,888	(2,788)	(97)%
Net loss	$ (11,717)	$ (5,379)	$ (6,338)	118 %
Adjusted EBITDA(1)	$ 1,770	$ 6,560	$ (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:

Statements of Operations(1)

	Fiscal Year	
	2013	2012
System sales	11.4 %	6.2 %
Professional services	12.8	16.0
Maintenance and support	49.1	47.2
Software as a service	26.9	30.7
Total revenues	100.0 %	100.0 %
Cost of sales	46.2	48.8
Selling, general and administrative	51.0	42.3
Product research and development	24.9	12.4
Total operating expenses	122.2	103.5
Operating loss	(22.2)	(3.5)
Other expense, net	(19.3)	(31.3)
Income tax benefit	0.5	12.2
Net loss	(41.1)%	(22.6)%
Cost of systems sales	97.0 %	187.8 %
Cost of services, maintenance and support	42.6 %	42.2 %
Cost of software as a service	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 year 2013 with 2012

Revenues

	Fiscal Year			
(in thousands):	**2013**	**2012**	**Change**	**% Change**
System Sales:				
Proprietary software	$ 3,154	$ 1,001	$ 2,153	215 %
Hardware and third-party software	86	462	(376)	(81)%
Professional services	3,642	3,793	(151)	(4)%
Maintenance and support	13,986	11,211	2,775	25 %
Software as a service	7,627	7,300	327	4 %
Total Revenues (1)	$ 28,495	$ 23,767	$ 4,728	20 %

(1) Fiscal 2013 and 2012 includes $9,957,000 and $3,395,000, respectively, of revenues earned from the acquired Meta operations subsequent to the acquisition in August 2012.

Proprietary software — Revenues recognized from licensed software sales in fiscal 2013 were $3,154,000, as compared to $1,001,000 in fiscal 2012, an increase of $2,153,000, or 215%, from fiscal 2012. This increase is primarily attributable to an eCAC sale totaling $1,750,000 during fiscal 2013.

Hardware and third party software — Revenues from hardware and third party software sales in fiscal 2013 were $86,000, a decrease of $376,000, or 81% from fiscal 2012. Fluctuations from year to year are a function of client demand.

Professional services — Revenues from professional services in fiscal 2013 were $3,642,000, a decrease of $151,000, or 4%, from fiscal 2012. The decrease is primarily attributable to the nature of recognizing professional services revenues once certain milestones are met, which can cause fluctuations over periods.

Maintenance and support — Revenues from maintenance and support in fiscal 2013 were $13,986,000, an increase of $2,775,000, or 25%, from fiscal 2012. The increase in maintenance and support results primarily from recognizing a full 12 months of Meta revenue in fiscal 2013. 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 2013 were $7,627,000, an increase of $327,000, or 4%, from fiscal 2012. This increase is attributable to go-lives that occurred during the fiscal year which initiated the start of revenue recognition.

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

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

	Fiscal Year			
(in thousands):	**2013**	**2012**	**Change**	**% Change**
Cost of system sales	$ 3,143	$ 2,747	$ 396	14%
Cost of professional services	4,052	3,088	964	31%
Cost of maintenance and support	3,461	3,246	215	7%
Cost of software as a service	2,523	2,512	11	—%
Total cost of sales	$ 13,179	$ 11,593	$ 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 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 2013 and 2012, respectively. The overall increase in fiscal year 2013 cost of system sales is offset by the amortization of software acquired as part of the Meta acquisition. We incurred $0 and $467,000 of amortization expense in fiscal 2013 and 2012, respectively.

The cost of professional services includes compensation and benefits for personnel, and related expenses. The increase in expense 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 2013 and 2012, respectively.

The cost of maintenance and support includes compensation and benefits for client support personnel and the cost of third party maintenance contracts. These increases are 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 fluctuation for the goods and services it requires. The decrease is related to a move of the production data center during the fourth quarter of fiscal 2012.

Selling, General and Administrative Expense

	Fiscal Year			
(in thousands):	**2013**	**2012**	**Change**	**% Change**
General and administrative expenses	$ 11,152	$ 7,702	$ 3,450	45%
Sales and marketing expenses	3,394	2,359	1,035	44%
Total selling, general, and administrative	$ 14,546	$ 10,061	$ 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 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 the acquisition 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; advertising and marketing expenses, including trade shows and similar type sales and marketing expenses. The increase in sales and marketing expense reflects an increase in total compensation for sales staff.

Product Research and Development

	Fiscal Year			
(in thousands):	**2013**	**2012**	**Change**	**% Change**
Research and development expense	$ 7,088	$ 2,948	$ 4,140	140 %
Capitalized software development cost	614	2,000	(1,386)	(69)%
Total R&D Cost	$ 7,702	$ 4,948	$ 2,754	56 %

	Fiscal Year			
(in thousands):	**2012**	**2011**	**Change**	**% Change**
Research and development expense	$ 2,948	$ 1,409	$ 1,539	109 %
Capitalized software development cost	2,000	2,600	(600)	(23)%
Total R&D Cost	$ 4,948	$ 4,009	$ 939	23 %

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. Research and development expense increased due to more time committed to enhancing current software versions, which also decreased the number of hours available to be capitalized, which is reflected in the capitalized research and development costs. Research and development expenses in fiscal 2013 and 2012, as a percentage of revenues, were 25% and 12%, respectively.

Other Income (Expense)

Interest expense in fiscal 2013 was $1,766,000, compared to $1,957,000 in fiscal 2012. Interest expense consists of interest and commitment fees on the line of credit, interest (including accruals for success fees) on the term loans, and interest on the 2012 convertible note and the 2013 note payable, and is inclusive of $315,000 in deferred financing cost amortization. Interest expense increased during 2013 primarily as a result of increases in the term loan interest and success fees, and deferred financing costs.

The Company 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. The Company recorded a loss in fiscal 2013 on early extinguishment of debt of $139,000 related to the repayment of the subordinated term loan. The Company also recorded valuation adjustments to its warrants liability, recorded as miscellaneous (expense) income of $141,000 and $489,000 in fiscal 2013 and 2012, respectively, using assumptions made by management to adjust to the current fair market value of the warrants at the end of each fiscal year. In fiscal 2013, the cumulative change in value of the earn-out totaling $3,580,000 was recorded to other expense.

Provision for Income Taxes

The Company recorded a tax benefit of $100,000 at January 31, 2014 that is comprised of current state and local taxes benefit of $149,000, a deferred tax expense of $21,000, and an uncertain tax position expense of $28,000.

The Company recorded a tax benefit of $2,889,000 at January 31, 2013 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

	2013	2012
Company proprietary software	$ 2,230,000	$ 3,416,000
Hardware and third-party software	79,000	100,000
Professional services	7,255,000	4,527,000
Maintenance and support	25,936,000	22,504,000
Software as a service	21,073,000	20,439,000
Total	$ 56,573,000	$ 50,986,000

At January 31, 2014, 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 $56,573,000 compared with $50,986,000 at January 31, 2013.

The Company's proprietary software backlog consists of signed agreements to purchase software licenses and term licenses. Typically, this is software that is not yet generally available, or the software is generally available and the client has not taken possession of the software.

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 2013 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 which 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, 2014 was $25,936,000, as compared to $22,504,000 at January 31, 2013. The Company expects to recognize $13,371,000 out of January 31, 2014 backlog in fiscal 2014. A significant portion of this increase is due to new client sales and renewals in excess of revenue recognized from the January 31, 2013 backlog, as well as the backlog added by the Looking Glass maintenance contracts. Additionally, as part of renewals, contracts are typically subject to an annual increase in fees based on market rates and inflationary metrics.

At January 31, 2014, the Company had entered into SaaS agreements that are expected to generate revenues of $21,073,000 through their respective renewal dates in fiscal years 2014 through 2019. The Company expects to recognize $6,953,000 out of January 31, 2014 SaaS backlog in fiscal 2014. Typical SaaS terms are one to seven years in length. SaaS backlog and terms are as follows:

(in thousands):	SaaS Backlog at January 31, 2014	Average Remaining Months in Term
7-year term	$ 1,322	57
6-year term	810	53
5-year term	13,960	33
4-year term	785	45
3-year term	3,527	21
Less than 3-year term	669	13
Total SaaS backlog	$ 21,073	

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

The Company defines: (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 one-time costs; (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 the Company's 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 costs that we do not believe 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 to (i) plan and forecast overall expectations and evaluate, on at least a quarterly and annual basis, actual results against such expectations; and, (ii) as performance evaluation metrics in determining achievement of certain executive and associate incentive compensation programs.

The Company's lender uses Adjusted EBITDA to assess our operating performance. The Company's credit agreements with its lender require delivery of compliance reports certifying compliance with financial covenants certain of which are based on an Adjusted EBITDA measurement that is the same as the Adjusted EBITDA measurement reviewed by our management and board of directors.

EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA per diluted share 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 Company 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. The Company also strongly urges readers to review the reconciliation of GAAP net earnings (loss) to Adjusted EBITDA, and GAAP earnings (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 earnings (loss), a comparable GAAP-based measure, as well as earnings (loss) per diluted share to Adjusted EBITDA per diluted share. All of the items included in the reconciliation from net earnings (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 the Company's 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 the Company's 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 earnings (loss) to EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted EBITDA per diluted share for the fiscal years ended January 31, 2014 and 2013 (amounts in thousands, except per share data):

	Fiscal Year	
Adjusted EBITDA Reconciliation	**2013**	**2012**
Net loss	$ (11,717)	$ (5,379)
Interest expense	1,766	1,957
Tax expenses (1)	(100)	(2,888)
Depreciation	718	726
Amortization of capitalized software development costs (2)	3,192	2,659
Amortization of intangible assets	1,342	584
Amortization of other costs	74	35
EBITDA	(4,725)	(2,306)
Stock-based compensation expense	1,661	956
Loss on conversion of convertible notes	—	5,970
Loss on early extinguishment of debt	161	—
Transaction related professional fees, advisory fees, and other internal direct costs	769	796
Associate severances and other costs relating to transactions or corporate restructuring	415	866
Other non-recurring operating expenses (3)	3,489	278
Adjusted EBITDA	$ 1,770	$ 6,560
Adjusted EBITDA Margin (4)	6%	28%

Adjusted EBITDA per diluted share	**2013**	**2012**
Loss per share — diluted	$ (0.94)	$ (0.48)
Adjusted EBITDA per adjusted diluted share (5)	$ 0.10	$ 0.46
Diluted weighted average shares	13,747,700	11,634,540
Includable incremental shares — adjusted EBITDA (6)	4,863,140	494,109
Adjusted diluted shares	18,610,840	12,128,649

(1) Fiscal 2012 includes a non-cash income tax benefit recorded in 2012 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 Health Technology, Inc.

(2) 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 Health Technology, Inc.

(3) Fiscal 2013 includes valuation adjustment for contingent earn-out of $3,580,000.

(4) Adjusted EBITDA as a percentage of GAAP revenues.

(5) 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.

(6) 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 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 allowance 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 on the basis of undiscounted future cash flows. 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, and Clinical Looking Glass 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; the indefinite-lived intangible asset is not amortized and is tested for impairment on at least an annual basis.

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.

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 to our consolidated financial statements included in Item 8 for further details.

Common Stock Warrants

The fair value of the common stock warrants are computed using the Black-Scholes option pricing model based on the following assumptions: annual volatility, risk-free rate, dividend yield and expected life. The model also includes assumptions to account for anti-dilutive provisions within the warrant agreement.

Contractual Obligations

The Company has various contractual obligations and commitments to make future payments including debt agreements and operating lease obligations.

The following table summarizes significant contractual obligations and commitments of the Company as of January 31, 2014. Except as set forth in the following table, the Company does not have any material long-term purchase obligations or other long-term liabilities that are reflected on its consolidated balance sheet as of January 31, 2014:

	Payments Due by Period				
	One Year or Less	Years 2-3	Years 4-5	More than 5 years	Total
Long-term debt obligations	$ 1,676	$ 3,130	$ 4,655	$ —	$ 9,461
Interest expense on long-term debt	574	816	420	—	1,810
Operating lease obligations	603	971	936	1,957	4,467
Total contractual obligations	$ 2,853	$ 4,917	$ 6,011	$ 1,957	$ 15,738

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, 2014. Interest expense on the $8,298,000 senior term loan, which is hedged under an interest rate swap, is computed based on the fixed hedged interest rate of 6.42%.

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, 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 by 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, 2014 and 2013 were $17,925,000 and $7,500,000, 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.

Significant cash obligations

	Fiscal Year	
(in thousands)	**2013**	**2012**
Term loans	$ 8,298	$ 13,688
Note payable	900	—
Contingent consideration for earn-out	—	1,320
Capital lease	227	—
Royalty liability	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

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

Net cash provided by operating activities in fiscal 2013 increased in the current year primarily due to a decrease in accounts receivables resulting from collections. In addition, there were non-cash increases in the valuation adjustment for the contingent earn-out and share-based compensation expense.

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

	Fiscal Year	
(in thousands)	**2013**	**2012**
Purchases of property and equipment	$ (152)	$ (577)
Capitalized software development costs	(614)	(2,000)
Payment for acquisitions	(3,000)	(12,162)
Annual investing cash flow	$ (3,766)	$ (14,739)

In fiscal 2013, the primary investing activities were associated with acquisitions in the current and prior periods.

The Company estimates that to replicate its existing internally-developed software would cost significantly more than the stated net book value of $10,238,000, including acquired internally developed software of Meta and Interpoint, at January 31, 2014. Many of the programs related to capitalized software development continue to have significant value to the Company's 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

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

The decrease in cash from financing in fiscal 2013 is primarily the result of the net proceeds received from the sale of common stock, offset by the repayments on term loans. The Company has a $5,000,000 revolving line of credit that it has not drawn upon as of January 31, 2014.

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.

ITEM 8. ***Financial Statements And Supplementary Data***

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

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 sheet of Streamline Health Solutions, Inc. and subsidiaries as of January 31, 2014, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for the year ended January 31, 2014. In connection with our audit of the consolidated financial statements, we also have audited the 2013 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 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 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 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 financial position of Streamline Health Solutions, Inc. and subsidiaries as of January 31, 2014, and the results of their operations and their cash flows for the year ended January 31, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related 2013 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, 2014, 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 June 13, 2014 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Atlanta, Georgia
June 13, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheet of Streamline Health Solutions, Inc. and subsidiaries (the “Company”) as of January 31, 2013 and the related consolidated statements of operations and comprehensive loss, changes in stockholders’ equity and cash flows for the year then ended. In connection with our audit of the financial statements, we have also audited the financial statement schedule 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 financial position of Streamline Health Solutions, Inc. and subsidiaries at January 31, 2013, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the 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.

Chicago, Illinois
April 26, 2013

/s/ BDO USA, LLP

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	January 31	
	2014	**2013**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 17,924,886	$ 7,500,256
Accounts receivable, net of allowance for doubtful accounts of $267,264 and $133,765, respectively	7,999,571	8,685,017
Contract receivables	1,181,606	1,481,819
Prepaid hardware and third party software for future delivery	25,640	22,777
Prepaid client maintenance contracts	909,464	1,080,330
Other prepaid assets	1,407,515	997,024
Deferred income taxes	95,498	—
Other current assets	144,049	110,555
Total current assets	29,688,229	19,877,778
Non-current assets:		
Property and equipment:		
Computer equipment	3,769,564	3,420,452
Computer software	2,239,654	2,196,236
Office furniture, fixtures and equipment	889,080	843,274
Leasehold improvements	697,570	697,570
	7,595,868	7,157,532
Accumulated depreciation and amortization	(6,676,824)	(5,958,727)
Property and equipment, net	919,044	1,198,805
Contract receivables, less current portion	78,395	126,626
Capitalized software development costs, net of accumulated amortization of $7,949,352 and $17,464,601, respectively	10,238,357	12,816,486
Intangible assets, net	12,175,634	8,188,131
Deferred financing costs, net of accumulated amortization of $98,102 and $196,947, respectively	44,898	541,740
Goodwill	11,933,683	12,133,304
Other non-current assets	500,634	383,708
Total non-current assets	35,890,645	35,388,800
	$ 65,578,874	$ 55,266,578

See accompanying notes to consolidated financial statements.

	January 31, 2014	January 31, 2013
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,796,418	$ 1,495,913
Accrued compensation	1,782,599	2,088,850
Accrued other expenses	554,877	1,325,039
Current portion of long-term debt	1,214,280	1,250,000
Deferred revenues	9,658,232	9,810,442
Contingent consideration for earn-out	—	1,319,559
Current portion of note payable	300,000	—
Current portion of capital lease obligation	105,573	—
Deferred income tax liabilities	—	35,619
Total current liabilities	15,411,979	17,325,422
Non-current liabilities:		
Term loans	6,971,767	12,437,501
Warrants liability	4,117,725	3,649,349
Royalty liability	2,264,000	—
Swap contract	111,086	—
Note payable	600,000	—
Lease incentive liability, less current portion	74,434	99,579
Capital lease obligation	121,089	—
Deferred income tax liabilities	816,079	529,709
Total non-current liabilities	15,076,180	16,716,138
Total liabilities	30,488,159	34,041,560
Series A 0% Convertible Redeemable Preferred Stock, $.01 par value per share, $8,849,985 and $11,999,985 redemption value, 4,000,000 shares authorized, 2,949,995 and 3,999,995 issued and outstanding, net of unamortized preferred stock discount of $3,250,317 and $4,234,269, respectively	5,599,668	7,765,716
Stockholders' equity:		
Common stock, $.01 par value per share, 25,000,000 shares authorized; 18,175,787 and 12,643,620 shares issued and outstanding, respectively	181,758	126,436
Additional paid in capital	76,983,088	49,178,389
Accumulated deficit	(47,562,713)	(35,845,523)
Accumulated other comprehensive loss	(111,086)	—
Total stockholders' equity	29,491,047	13,459,302
	$ 65,578,874	$ 55,266,578

See accompanying notes to consolidated financial statements.

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year	
	2013	**2012**
Revenues:		
Systems sales	$ 3,239,569	$ 1,463,225
Professional services	3,641,731	3,792,569
Maintenance and support	13,986,566	11,211,197
Software as a service	7,626,837	7,299,812
Total revenues	28,494,703	23,766,803
Operating expenses:		
Cost of systems sales	3,142,525	2,747,230
Cost of services	4,052,113	3,087,997
Cost of maintenance and support	3,460,500	3,245,569
Cost of software as a service	2,523,184	2,512,156
Selling, general and administrative	14,546,335	10,060,469
Research and development	7,088,077	2,948,313
Total operating expenses	34,812,734	24,601,734
Operating loss	(6,318,031)	(834,931)
Other (expense) income:		
Interest expense	(1,765,813)	(1,957,010)
Loss on conversion of convertible notes	—	(5,970,002)
Loss on early extinguishment of debt	(160,713)	—
Miscellaneous (expenses) income	(3,573,091)	494,677
Loss before income taxes	(11,817,648)	(8,267,266)
Income tax benefit	100,458	2,888,537
Net loss	(11,717,190)	(5,378,729)
Less: deemed dividends on Series A Preferred Shares	(1,180,904)	(176,048)
Net loss attributable to common shareholders	$ (12,898,094)	$ (5,554,777)
Basic net loss per common share	$ (0.94)	$ (0.48)
Number of shares used in basic per common share computation	13,747,700	11,634,540
Diluted net loss per common share	$ (0.94)	$ (0.48)
Number of shares used in diluted per common share computation	13,747,700	11,634,540

See accompanying notes to consolidated financial statements.

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Fiscal Year	
	2013	**2012**
Net loss	$ (11,717,190)	$ (5,378,729)
Other comprehensive loss, net of tax:		
Fair value of interest rate swap liability	(111,086)	—
Comprehensive loss	$ (11,828,276)	$ (5,378,729)

See accompanying notes to consolidated financial statements.

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARY

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

See accompanying notes to consolidated financial statements.

Index to Financial Statements

STREAMLINE HEALTH SOLUTIONS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year	
	2013	**2012**
Operating activities:		
Net loss	$ (11,717,190)	$ (5,378,729)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities, net of effect of acquisitions:		
Depreciation	718,097	726,406
Amortization of capitalized software development costs	3,192,157	2,659,365
Amortization of intangible assets	1,341,734	583,535
Amortization of other deferred costs	385,461	241,478
Amortization of debt discount	4,327	111,583
Valuation adjustment for warrants liability	(140,928)	(489,434)
Deferred tax expense (benefit)	20,885	(2,935,522)
Valuation adjustment for contingent earn-out	3,580,441	86,839
Other valuation adjustments	(95,368)	—
Net loss from conversion of convertible notes	—	5,970,002
Loss from early extinguishment of debt	160,713	—
Share-based compensation expense	1,660,598	956,144
Provision for accounts receivable	330,907	67,464
Changes in assets and liabilities, net of assets acquired:		
Accounts and contract receivables	827,435	(2,923,242)
Other assets	(439,477)	(1,129,255)
Accounts payable	275,360	526,149
Accrued expenses	259,771	992,285
Deferred revenues	(152,210)	(180,200)
Net cash provided by (used in) operating activities	212,713	(115,132)
Investing activities:		
Purchases of property and equipment	(152,283)	(576,736)
Capitalization of software development costs	(614,028)	(1,999,676)
Payment for acquisition	(3,000,000)	(12,161,614)
Net cash used in investing activities	(3,766,311)	(14,738,026)
Financing activities:		
Proceeds from term loan	4,958,333	9,880,000
Principal repayments on term loans	(10,348,214)	(312,500)
Principal payments on capital lease obligation	(34,391)	—
Payment of deferred financing costs	(115,900)	(1,271,862)
Proceeds from private placement	—	12,000,000
Proceeds from exercise of stock options and stock purchase plan	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	13,978,228	20,110,360
Increase in cash and cash equivalents	10,424,630	5,257,202
Cash and cash equivalents at beginning of year	7,500,256	2,243,054
Cash and cash equivalents at end of year	$ 17,924,886	$ 7,500,256
Supplemental cash flow disclosures:		
Interest paid	$ 2,422,997	$ 1,626,750
Income taxes paid	$ 375,688	$ 84,990

	Fiscal Year	
	2013	2012
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	$ 1,180,904	$ 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.

NOTES TO CONSOLIDATED FINANCIAL STATMENTS

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS

Streamline Health Solutions, Inc. and subsidiary (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 Clinicial 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 subsidiary, Streamline Health, 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 $267,000 and $134,000 at January 31, 2014 and 2013, 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 and $0 at January 31, 2014 and 2013, respectively.

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

	2013	2012
Bad debt expense	$ 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 2013 and 2012 was $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

In fiscal 2010, the Company entered into a Second Amendment to the Lease Agreement signed in fiscal 2005 for the Cincinnati office location. The lease term expires July 31, 2015. In connection with the amendment, the property owner provided certain lease inducements to the Company, including a three month rent allowance equivalent to $42,000. The rent allowance is granted in three equal allotments on the first, second, and third anniversaries of the amendment execution date. The Company has accounted for the value of these inducements by recognizing the total allowance benefit over the term of the lease, and recording rent expense on a straight-line basis.

On April 10, 2012, the Company entered into an amended lease obligation to lease 8,582 square feet of office space in the same building as the assumed Interpoint lease, at 1230 Peachtree St. NE in Atlanta, GA. 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 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, GA. 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., 14th floor, New York, NY. This lease term expires on August 31, 2014. During the third quarter of fiscal 2014, the Company is relocating its New York office to a new location with 10,350 sq. feet.

The Company has a capital lease to finance office equipment purchases. The balance of fixed assets is $261,000 and $0 as of January 31, 2014 and 2013, respectively, and the balance of accumulated depreciation is $76,000 and $0 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 using the effective interest rate method over the term of the related debt.

Interest Rate Swap

The Company has entered into a hedging relationship via 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. As interest expense is accrued on the debt obligation, amounts in accumulated other comprehensive loss related to the interest rate swaps will be reclassified into loss to obtain a net cost on the debt obligation equal to the effective yield of the fixed rate of each swap. In the event that an interest rate swap is terminated prior to maturity, gains or losses accumulated in other comprehensive loss or loss remain deferred and are reclassified into earnings in the periods during which the hedged forecasted transaction affects earnings. 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.

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 $614,000 and $2,000,000 in fiscal 2013 and 2012, respectively. The Company acquired $3,646,000 of internally developed software in 2012 through the acquisition 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 and Meta acquisitions is amortized using the straight-line method.

Amortization expense on all internally developed software was $3,192,000 and $2,659,000 in fiscal 2013 and 2012, respectively.

Research and development expense, net of capitalized amounts, was $7,088,000 and $2,948,000 in fiscal 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 is classified as Level 2. The initial fair value of contingent consideration for earn-out, royalty liability, and warrants liability was determined by management with the assistance of an independent third-party valuation specialist, and by management thereafter. The Company used a binomial model and the Black-Scholes option pricing model to estimate the fair value of the contingent consideration for earn-out and warrants liability, respectively. The fair value of the royalty liability is determined based on the probability-weighted revenue scenarios for the Looking Glass product. The contingent consideration for 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 the Company determines that any of the above criteria have not been met, the Company 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. The software portion of SaaS for Health Information Management ("HIM") products does not need material modification to achieve its contracted function. The software portion of SaaS for the Company's Patient Financial Services ("PFS") products require material customization and setup processes to achieve their contracted function.

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

The Company 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 the Company's coding and clinical documentation improvement solutions generally do 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 PFS contracts. As of January 31, 2014 and 2013, the Company had deferred costs of $441,000 and $201,000, respectively. These deferred costs will be amortized over the identical term as the associated SaaS revenues. Amortization expense of these costs was $110,000 and $35,000 in fiscal 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 a fixed-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, and Clinical Looking Glass 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; the indefinite-lived intangible asset is not amortized and is tested for impairment on at least an annual basis.

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 2013, 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, the Company 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 2013 and 2012, we incurred $384,000 and $866,000 in severance expenses. At January 31, 2014 and 2013, we had accrued for zero and $548,000 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 $1,661,000 and $956,000 in fiscal 2013 and 2012, respectively.

The fair value of the stock options granted in 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

The fair value of the common stock warrants are computed using the Black-Scholes option pricing model based on the following assumptions: annual volatility, risk-free rate, dividend yield and expected life. The model also includes assumptions to account for anti-dilutive provisions within the warrant agreement.

Comprehensive Loss

Total other comprehensive loss for fiscal years 2013 and 2012 was $111,000 and $0, respectively. Total other comprehensive 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 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, 2014, 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 $181,000 and $152,000 of reserves for uncertain tax positions and corresponding interest and penalties as of January 31, 2014 and January 31, 2013, respectively.

Net Earnings (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 income 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, 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, 2014 and 2013. As of January 31, 2014 and 2013, there were 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, 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, 2014 and 2013, there were 29,698 and 137,325 unvested restricted shares of common stock outstanding, respectively. The unvested restricted shares at January 31, 2014 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	
	2013	2012
Net loss	$ (11,717,190)	$ (5,378,729)
Less: deemed dividends on Series A Preferred Stock	(1,180,904)	(176,048)
Net loss attributable to common shareholders	$ (12,898,094)	$ (5,554,777)
Weighted average shares outstanding used in basic per common share computations	13,747,700	11,634,540
Stock options and restricted stock	—	—
Number of average shares used in diluted per common share computation	13,747,700	11,634,540
Basic net loss per share of common stock	$ (0.94)	$ (0.48)
Diluted net loss per share of common stock	$ (0.94)	$ (0.48)

Diluted loss per share exclude the effect of 2,304,407 and 2,685,237 outstanding stock options in fiscal 2013 and 2012 respectively. The inclusion of these shares would be anti-dilutive. For the years ended January 31, 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.

Recent Accounting Pronouncements

The Company does not believe any recently issued, but not yet effective, accounting standards will have a material effect on the Company's consolidated financial position, results of operations, or cash flows.

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	$ 24,145,000
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	$ 14,790,000
Consideration:	
Company common stock	$ 1,502,000
Cash paid	13,288,000
Total consideration	$ 14,790,000

(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.

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, the Company's wholly owned subsidiary, Streamline Health, Inc. (“Streamline”), 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 from Montefiore of its proprietary clinical analytics platform solution, Clinical Looking Glass (“CLG”). In addition, Montefiore assigned to Streamline 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, as well as 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 preliminary 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:

	Balance at October 25, 2013	
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	$	5,225,000
Consideration:		
Cash paid	$	3,000,000
Future royalty commitment		2,225,000
Total consideration	$	5,225,000

(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.

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, 2014 and 2013 was $4,117,000 and $3,649,000, respectively. The change in fiscal 2013 and 2012 reflects $141,000 and $489,000, respectively, of miscellaneous (expense) 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 which 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, 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. The estimated fair value of the warrant liabilities as of January 31, 2013 was computed using Monte-Carlo simulations based on the following assumptions: annual volatility of 70%; risk-free rate of 0.9%, dividend yield of 0.0% and expected life of five years. The model also included assumptions to account for anti-dilutive provisions within the warrant agreement.

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
2014	$ 594,000	$ 9,000	$ 603,000
2015	519,000	2,000	521,000
2016	448,000	2,000	450,000
2017	461,000	—	461,000
2018	475,000	—	475,000
Thereafter	1,957,000	—	1,957,000
Total	$ 4,454,000	$ 13,000	$ 4,467,000

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

During the second quarter of fiscal 2014, the Company relocated its Corporate Office in Atlanta, GA to new space at the same building it was previously. The Company received eight months of partially abated rent and a leasehold improvement allowance of $1,088,000.

NOTE 6 — DEBT

Term Loan and Line of Credit

On December 7, 2011, in conjunction with the Interpoint Partners, LLC (“Interpoint”) acquisition, the Company entered into a subordinated credit agreement with Fifth Third Bank in which the bank provided the Company with a $4,120,000 subordinated term loan, maturing on December 7, 2013, and a revolving line of credit, maturing on October 1, 2013.

In conjunction with the Meta acquisition, 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. 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 is being 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 is included in deferred financing costs.

The Company was required to pay a success fee in accordance with the amended subordinated term loan, which has been 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 (see below).

Effective December 13, 2013, the Company amended and restated the senior credit agreement and amended the subordinated credit agreement to increase the senior term loan to $8,500,000, extended the maturity of the senior term loan and the revolving line of credit to December 1, 2018 and December 1, 2015, respectively, reduced the interest rates and revised the financial covenants. Simultaneously, the subordinated term loan, which was scheduled to mature on August 16, 2014, was paid in full. The loans are secured by substantially all of the Company's assets. The senior term loan principal balance is payable in monthly installments of $101,000 commencing in January 2014, and will continue through the maturity date, with the full remaining unpaid principal balance due at maturity. Borrowings under the senior term loan contractually bear interest at a rate of LIBOR (0.16% at January 31, 2014) plus 4.75%. However, after the impact of the interest rate swap described below, the interest is fixed at 6.42%. Accrued and unpaid interest on the senior term loan is due monthly through maturity. Borrowings under the revolving loan bear interest at a rate equal to LIBOR plus 3.50%. A commitment fee of 0.40% is incurred on the unused revolving line of credit balance, and is payable monthly. As of January 31, 2014, the Company had no outstanding borrowings under the revolving line of credit, and had accrued $3,000 in unused balance commitment fees. The original proceeds of these loans were used to finance the cash portion of the Meta acquisition purchase price and to cover any additional operating costs as a result of the acquisition. A portion of the new senior term loan was used to refinance the previously outstanding $5,000,000 senior term loan. The Company paid closing fees in connection with the new senior term loan of $116,000, which has been recorded as a debt discount and will be amortized to interest expense over the term of the loan using the effective interest method.

The Company evaluated the senior term loan for modification accounting, as it represents a single debtor-creditor relationship. The previously outstanding term loan bore interest at a rate of LIBOR plus 5.5% and was to mature on August 16, 2014. The amended senior term loan bears interest at a rate of LIBOR (0.16% at January 31, 2014) plus 4.75%. FASB ASC 470-50-40 establishes criteria for evaluating the accounting for a debt restructuring as either a modification or extinguishment. The Company performed the gross method in assessing the 10% test, ascribed by ASC 470-50-40, relative to change in present value of cash flows. The gross method provides for a straightforward comparison of the old and new cash flows. As the changes occurred within a single debtor-creditor relationship and the present value of cash flows under the terms of the new debt instrument was less than 10% different from the present value of cash flows under the terms of the original instrument, the Company accounted for the debt refinancing as a modification of debt. As such, the unamortized debt financing fees of $47,000 associated with the original debt will be amortized over the term of the amended senior term loan using the effective interest method.

The significant covenants as set forth in the term loans and line of credit were as follows: (i) maintain minimum liquidity of $4,000,000 as of April 30, 2014 and monthly thereafter; (ii) maintain a fixed charge coverage ratio for the fiscal quarter ending July 31, 2014 (excluding the April 30, 2014 fiscal quarter) and each fiscal quarter thereafter of not less than 1.10:1 calculated quarterly on a trailing four quarter basis thereafter; (iii) on a consolidated basis, maintain ratio of senior funded debt to adjusted EBITDA as of the end of any fiscal quarter less than 2.50:1, calculated quarterly on a trailing four fiscal quarter basis beginning July 31, 2014. (excluding the April 30, 2014 fiscal quarter). The Company is prohibited from paying dividends on common and preferred stock. The Company obtained a waiver from its lender for non-compliance with certain loan covenants at January 31, 2014.

As described below, the Company issued an unsecured, subordinated three-year note in the amount of $900,000 (“Note Payable”) that matures on November 1, 2016 and accrues interest on the unpaid principal amount outstanding at a per annum rate equal to 8%. The promissory note was issued November 20, 2013 and has annual principal payments of $300,000 due on November 1, 2014, 2015 and 2016.

Outstanding principal balances on long-term debt consisted of the following at:

	January 31, 2014	January 31, 2013
Senior term loan (1)	$ 8,298,000	$ 4,688,000
Note payable	900,000	—
Capital lease	227,000	—
Subordinated term loan	—	9,000,000
Total	9,425,000	13,688,000
Less: Current portion	1,620,000	1,250,000
Non-current portion of long-term debt	$ 7,805,000	$ 12,438,000

(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, 2014:

	Senior Term Loan	Note Payable	Capital Lease (1)	Total
2014	$ 1,214,000	$ 300,000	$ 161,000	$ 1,675,000
2015	1,214,000	300,000	101,000	1,615,000
2016	1,214,000	300,000	—	1,514,000
2017	1,214,000	—	—	1,214,000
2018	3,442,000	—	—	3,442,000
Total repayments	$ 8,298,000	$ 900,000	$ 262,000	$ 9,460,000

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

Convertible Note, Interpoint

On December 7, 2011, as part of the purchase of the assets of Interpoint, the Company issued a convertible promissory note for $3,000,000 (the "Convertible Note"). The note accrued interest at a per annum rate of 8% from the date of the note until the the note was converted. All outstanding accrued interest was capitalized as additional principal through the conversion of the note. Under the terms of the note, the principal balance was to be paid in three equal installments on December 1, 2014, December 1, 2015 and December 1, 2016, respectively. On June 15, 2012, Interpoint and the Company modified the conversion feature of the note to allow for early conversion of the balance of principal and interest on the note outstanding, net of working capital adjustments and related accrued interest owed to the Company, for 1,529,729 shares of common stock at $2.00 per share.

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. As of January 31, 2013, the Company estimated the payment obligation to be $1,320,000. 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 requires the Company to pay interest at a fixed rate of 6.42% and receive interest at a variable rate. This interest rate swap agreement is designated to hedge $8,500,000 of a variable rate debt obligation. The one-month LIBOR rate on each reset date determines the variable portion of the interest rate swap for the following month. 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 swap is 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 qualifies for cash flow hedge accounting treatment and as such, the Company has 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 is 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. As interest expense is accrued on the debt obligation, amounts in accumulated other comprehensive loss related to the designated hedging instrument will be reclassified into earnings to obtain a net cost on the debt obligation equal to the effective yield of the fixed rate of the swap.

NOTE 7 — GOODWILL AND INTANGIBLE ASSETS

The goodwill activity is summarized as follows:

(in thousands)	Goodwill
Balance January 31, 2012	$ 4,061
Goodwill acquired during the year	8,073
Balance January 31, 2013	12,133
Goodwill acquired during the year	108
Adjustments to goodwill during the year	(307)
Balance January 31, 2014	$ 11,934

Intangible assets, net, consist of the following:

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

	January 31, 2013			
(in thousands)	Estimated Useful Life	Gross Assets	Accumulated Amortization	Net Assets
Indefinite-lived assets:				
Trade names	N/A	$ 1,588	$ —	$ 1,588
Definite-lived assets:				
Client relationships	10 years	$ 4,879	$ 271	$ 4,608
Covenants not to compete	0.5-5 years	727	172	555
Supplier agreements	5 years	1,582	145	1,437
Total		$ 8,776	$ 588	$ 8,188

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.

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

(in thousands)	Annual Amortization Expense
2014	$ 1,306
2015	1,280
2016	1,234
2017	1,023
2018	799
Thereafter	4,582
Total	$ 10,224

NOTE 8 — INCOME TAXES

Income taxes consist of the following:

	Fiscal Year	
	2013	2012
Current tax benefit (expense):		
Federal	$ 7,054	$ (9,391)
State	142,576	(37,594)
	149,630	(46,985)
Uncertain tax positions	(28,287)	—
Deferred tax benefit (expense):		
Federal	26,491	2,642,580
State	(47,376)	292,942
	(20,885)	2,935,522
Current and deferred income tax benefit	$ 100,458	$ 2,888,537

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

	Fiscal Year	
	2013	2012
Federal tax benefit at statutory rate	4,018,000	$ 2,810,870
State and local taxes, net of federal benefit	488,626	255,348
Change in valuation allowance	(3,659,160)	2,000,295
Permanent items:		
Loss from conversion of notes payable	—	(1,937,411)
Incentive stock options	(78,476)	—
Transaction costs	(343,117)	(339,320)
Change in fair value of warrants liability	(159,249)	166,408
Other	(351,857)	(45,540)
Reserve for uncertain tax position	(11,642)	—
Other	197,333	(22,113)
Income tax benefit	$ 100,458	$ 2,888,537

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,	
	2014	2013
Deferred tax assets:		
Allowance for doubtful accounts	$ 98,661	$ 49,130
Deferred revenue	19,561	87,338
Accruals	351,827	209,428
Net operating loss carryforwards	7,763,718	9,857,529
Stock compensation expense	362,145	715,818
Property and equipment	147,691	184,605
AMT credit	102,144	97,200
Other	62,783	106,300
Total deferred tax assets	8,908,530	11,307,348
Valuation allowance	(7,666,626)	(7,834,990)
Net deferred tax assets	1,241,904	3,472,358
Deferred tax liabilities:		
Definite-lived intangible assets	(1,241,904)	(3,456,605)
Indefinite-lived intangibles	(720,581)	(581,081)
Total deferred tax liabilities	(1,962,485)	(4,037,686)
Net deferred tax liabilities	$ (720,581)	$ (565,328)

At January 31, 2014, the Company had U.S. federal net operating loss carry forwards of $23,537,000 which expire at various dates through fiscal 2033. The Company also has an Alternative Minimum Tax net operating loss carry forward of $22,917,000, which has an unlimited carry forward period. The Company also had state net operating loss carry forwards of $9,663,000, which expire on or before fiscal 2033. Approximately $9,230,000 of net operating losses will expire in fiscal 2014 if not utilized.

At January 31, 2014, the Company has a valuation allowance of $7,667,000 on its total net deferred tax assets with the exception of the deferred tax liability created from trade name. The trade name-related deferred tax liability resulted in a “naked tax credit” liability of $721,000 due to its indefinite life and because it cannot be used as a source of taxable income.

Due to the reporting requirements of ASC 718, $1,940,000, tax effected $715,000 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 $181,000 and $152,000 as of January 31, 2014 and January 31, 2013, respectively. As of January 31, 2014 and 2013, the Company had $60,000 and $30,000, 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. The Company does not anticipate further adjustments to its reserve for uncertain tax positions that will result in a material change to its financial position during the next twelve months.

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

	2013	2012
Beginning of fiscal year	$ 122,000	$ —
Additions for tax positions of prior years	—	122,000
Reductions for tax positions of prior years	(1,000)	—
End of fiscal year	$ 121,000	$ 122,000

At January 31, 2014, $121,000 of the $121,000 of unrecognized tax benefits would affect the Company's effective tax rate, if recognized. The Company does not expect that the balances with respect to its uncertain tax positions will significantly increase or decrease during fiscal 2014.

NOTE 9 — MAJOR CLIENTS

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.

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.

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 $370,000 and $289,000 in fiscal 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, 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, 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 current year. At January 31, 2014, 97,285 shares remain that can be purchased under the plan.

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

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; during fiscal 2012, 44,743 shares were purchased at the price of $1.70 per share. The cash received for shares purchased from the plan was $169,000 and $76,000 in fiscal 2013 and 2012, respectively.

The purchase price at June 30, 2014, will be 85% of the lower of (a) the closing price on January 2, 2014 ($6.75) or (b) of the closing price on June 30, 2014.

NOTE 12 — STOCK BASED COMPENSATION

Stock Option Plans

The Company's 1996 Employee Stock Option Plan authorized the grant of options to associates for the Company's common stock. The options granted have terms of ten years or less and generally vest and become fully exercisable ratably over three years of continuous employment from the date of grant. At January 31, 2014 and 2013, options to purchase zero and 2,500 shares of the Company's common stock, respectively, have been granted and are outstanding under the plan. No more options can be granted under this plan.

The Company's 2005 and 2013 Incentive Compensation Plans, which authorizes the Company to issue up to 2,900,000 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, 2014, options to purchase 1,473,425 shares of the Company's common stock have been granted and are outstanding under the plan. There are no SAR's outstanding under the plan. Please see "Restricted Stock" section for more information on restricted shares.

In fiscal 2013 and 2012, 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, 2013, 675,000 stock options were issued, 177,783 options expired, and 88,889 were exercised. For the year ended January 31, 2014, zero stock options were issued, 186,790 options were forfeited, and 105,556 were exercised. At January 31, 2014, there were 830,982 options outstanding. Please see "Restricted Stock" section for information on the restricted shares.

A summary of stock option activity is summarized as follows:

	Fiscal Year			
	2013		2012	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding — beginning of year	2,685,237	3.02	1,920,550	2.22
Granted	844,800	7.13	1,295,000	3.96
Exercised	(557,661)	2.13	(105,021)	1.97
Expired	(59,835)	3.09	(425,292)	2.07
Forfeited	(608,134)	4.16	—	
Outstanding — end of year	2,304,407	4.46	2,685,237	3.02
Exercisable — end of year	1,223,365	2.83	976,044	2.29
Aggregate intrinsic value of outstanding options at year end	$ 9,344,529		$ 13,950,962	
Aggregate intrinsic value of exercisable options at year end	$ 6,998,539		$ 5,137,017	
Weighted average grant date fair value of options granted during year	$ 4.42		$ 2.02	
Total intrinsic value of options exercised during the year	$ 2,673,285		$ 570,264	

The fiscal 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:

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

	Number of Options	Average Exercise Price	Remaining Life in Years
January 31, 2013			
Outstanding	2,685,237	$ 3.02	8.30
Exercisable	976,044	$ 2.29	6.60
January 31, 2014			
Outstanding	2,304,407	$ 4.46 (1)	7.67
Exercisable	1,223,365	$ 2.83 (2)	6.40

(1) The exercise prices range from $1.65 to $8.17, of which 718,579 shares are between $1.65 and $2.00 per share, 366,000 shares are between $2.08 and $4.00 per share, and 1,219,828 shares are between $4.08 and $8.17 per share.

(2) The exercise prices range from $1.65 to $6.94, of which 806,179 shares are between $1.65 and $2.00 per share, 152,826 shares are between $2.08 and $4.00 per share, and 264,360 shares are between $4.08 and $6.94 per share.

At January 31, 2014, there was $3,092,000 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 2.3 years. The expense associated with stock option awards was $1,661,000 and $664,000, respectively, for fiscal 2013 and 2012. Cash received from exercise of options and the employee stock purchase plan was $1,356,000 and $283,000, respectively, in fiscal 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	$ 6.65

At January 31, 2014, there was $14,000 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 $112,000 and $260,000, respectively, for fiscal 2013 and 2012.

NOTE 13 — COMMITTMENTS 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, 2014.

Litigation

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

NOTE 14 — QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following sets forth selected unaudited quarterly financial information for fiscal 2013 and 2012. 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 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

Fiscal 2012 (In thousands, except per share data):	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	2012
Revenues	$ 5,445	$ 5,049	$ 6,534	$ 6,739	$ 23,767
Gross profit	2,799	2,691	3,491	3,193	12,174
Operating profit (loss)	673	(24)	(302)	(1,181)	(835)
Net earnings (loss) (d)	491	(463)	2,400	(7,807)	(5,379)
Less: deemed dividends on Series A Preferred Shares	—	—	(139)	(37)	(176)
Net earnings (loss) attributable to common shareholders	491	(463)	2,261	(7,844)	(5,555)
Basic net earnings (loss) per share (c)	0.05	(0.04)	0.18	(0.63)	(0.48)
Diluted net earnings (loss) per share (c)	0.05	(0.04)	0.15	(0.63)	(0.48)
Basic weighted average shares outstanding	10,307	11,316	12,393	12,493	11,635
Diluted weighted average shares outstanding	10,307	11,316	15,365	12,493	11,635

(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 2012 includes a loss of $5,913,000 incurred upon conversion of the private placement convertible subordinated notes (Note 15), as well as a $565,000 naked tax credit related to intangible assets recorded as part of the Meta acquisition (Note 8).

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 will be amortized from the date of issuance to the earliest redemption date. For the year ended January 31, 2014 and 2013, the Company recognized $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

(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, 2014 and 2013, 2,949,995 and 3,999,995 shares of Series A Convertible Preferred Stock remained outstanding, respectively.

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, 2014:

	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 $4,117,000 and $3,649,000 at January 31, 2014 and 2013, respectively. No warrants were exercised or canceled during fiscal 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

On February 3, 2014, the Company completed the previously announced 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, Streamline acquired all of the issued and outstanding common stock of Unibased, and Unibased became a wholly-owned subsidiary of Streamline (the "Merger"). The Merger was approved by the requisite consent of stockholders of Unibased. Under the terms of the Merger Agreement, Unibased stockholders received cash for each share of Unibased common stock held.

Schedule II

Valuation and Qualifying Accounts and Reserves

Streamline Health Solutions, Inc.
For the two years ended January 31, 2014

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Period
			(in thousands)		
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

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

Not applicable.

ITEM 9A. ***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.

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. In light of the material weaknesses noted below, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of the date of that evaluation.

The Company assessed the material weaknesses' impact to the consolidated financial statements to ensure they were prepared in accordance with U.S. generally accepted accounting principles and present fairly the financial results of operations as of and for the year ended January 31, 2014. Based on management's additional procedures and assessment, management concluded that the consolidated financial statements included in this Form 10-K present fairly, in all material aspects, the Company's financial position, results of operations and cash flows for the periods presented.

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, 2014, 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 not effective as of January 31, 2014, based on these criteria.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

As a result of their evaluation, management concluded the following material weaknesses existed, as described below:

- The Company lacked sufficient, adequately trained personnel with U.S. GAAP knowledge necessary to ensure appropriate accounting for routine and non-routine significant transactions, in particular accounting for multiple-element software revenue arrangements; accounting for capitalized software development costs; accounting for complex equity-based transactions; accounting for debt modifications and interest rate swap transactions; accounting for business acquisitions; evaluating the classification of operating and capital leases; and accounting for income taxes. Where the Company engaged third-party subject matter experts and service providers (collectively, service providers) to assist them with the recognition and measurement of routine and non-routine, complex transactions, the Company did not design and implement appropriate controls over the work of the service providers to ensure that the transactions were properly recorded.
- The Company did not perform an effective assessment of risks related to achieving reliable financial reporting, including the identification, assessment of significance, and determination of response to such risks, including appropriately designed internal controls.
- The Company did not maintain written policies and procedures that set out the assigned responsibility and accountability for the operation of controls, what is expected of employees and the corrective actions required for matters identified as a result of the operation of controls. Further, the Company did not have an effective monitoring function to ascertain whether the established controls were appropriately designed and operated effectively during the year.
- The Company did not design and implement effective internal controls over the completeness, existence, accuracy and presentation of revenues and the related accounts receivable, contracts receivable, and deferred revenues, and the valuation of accounts receivable, including ensuring the completeness and accuracy of system-generated reports used by management to monitor the collectability of outstanding accounts receivable.
- The Company did not design, implement and operate effectively controls over the completeness and accuracy of period-end accounts payable and accrued liabilities to ensure that operating expenses were recorded in the appropriate period.
- The Company did not maintain appropriate controls over the segregation of duties related to the processing of accounts receivable transactions and cash receipts, and purchase and expense transactions and cash disbursements. As a result, the Company did not maintain effective controls over the safeguarding of cash.
- The Company did not design and implement appropriate controls over the capitalization, amortization, assessment for recoverability and accurate reporting of external and internal software development costs.
- The Company did not maintain effective internal controls over information technology systems and end-user computing applications to properly restrict access and ensure appropriate segregation of duties affecting transactional data and recording of manual journal entries.

The material weaknesses resulted in material and other misstatements in the consolidated financial statements for the current and prior periods related to various financial statement accounts and the related disclosures as described above. In addition, in some instances, no misstatements were identified, however the ineffectiveness of the design, implementation and operation of the controls caused us to conclude that, as a result, there is a reasonable possibility that material misstatements could occur in the consolidated financial statements. The material and other misstatements identified were corrected by management prior to the issuance of the consolidated financial statements.

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 adverse report appearing herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control or in the other controls during the fourth fiscal quarter ended January 31, 2014 that could materially affect, or are reasonably likely to materially affect, internal control over financial reporting, except as disclosed above.

Management's Plans for Remediation of our Material Weaknesses

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, we have developed a remediation plan (the "Remediation Plan") pursuant to which we have implemented, or plan to implement, a number of measures. The Remediation Plan, among other things, includes the following:

- Staffing: In addition to a realignment of our accounting staff structure and operations, we have added a new revenue accounting specialist position to better ensure compliance with our revenue recognition policies.

- Policies and procedures: We will be engaging external accounting experts to assist us with enhancing our policies and procedures related to revenue recognition, contracting and other areas reflected in the material weakness discussed above.

- Systems: We are currently implementing a series of incremental software solutions to enhance our documentation in critical areas such as revenue recognition and stock-based compensation.

The Remediation Plan will be implemented by our Chief Financial Officer, with significant involvement from our Chief Executive Officer and Chief Accounting Officer, as well as other key leaders where appropriate.

We believe that actions taken from January 31, 2014 to date have improved the effectiveness of our internal control over financial reporting, but we have not completed all corrective processes and procedures discussed above. We will continue to monitor the effectiveness of our internal control over financial reporting in the areas affected by the material weaknesses discussed above, and we will perform any additional necessary procedures, as well as implement any new resources and policies, deemed necessary by management to ensure that our consolidated financial statements continue to be fairly stated in all material respects.

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, 2014, 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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management’s assessment:

- insufficient, inadequately trained personnel with U.S. GAAP knowledge necessary to ensure appropriate accounting for routine and non-routine significant transactions;
- ineffective assessment of risks related to achieving reliable financial reporting;
- ineffective written policies and procedures and monitoring of internal controls;
- ineffective internal controls over accounting for revenues and the related accounts receivable, contracts receivable, and deferred revenues;
- ineffective internal controls over accounting for period-end accounts payable and accrued liabilities;
- ineffective controls over segregation of duties related to recording accounts receivable transactions and cash receipts and purchase and expense transactions and cash disbursements, and safeguarding of cash;
- ineffective internal controls over accounting for capitalized software development costs and the related amortization; and
- ineffective internal controls over information technology systems and end-user computing applications to properly restrict access and ensure appropriate segregation of duties affecting transactional data and recording of journal entries.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Streamline Health Solutions, Inc. and subsidiaries as of January 31, 2014, and the related consolidated statements of operations, comprehensive loss, changes in stockholders’ equity, and cash flows for the year ended January 31, 2014. These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2013 consolidated financial statements, and this report does not affect our report dated June 13, 2014, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weaknesses on the achievement of the objectives of the control criteria, Streamline Health Solutions, Inc. has not maintained effective internal control over financial reporting as of January 31, 2014, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We do not express an opinion or any other form of assurance on management’s statements referring to corrective actions taken after January 31, 2014, relative to the aforementioned material weaknesses in internal control over financial reporting.

/s/ KPMG LLP

Atlanta, Georgia
June 13, 2014

ITEM 9B. ***Other Information***

None.

PART III

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

Executive Officers and Directors

Name	Age	Position
Robert E. Watson	57	Director, President & Chief Executive Officer
Richard D. Nelli	45	Senior Vice President & Chief Operating Officer
Nicholas A. Meeks	30	Senior Vice President & Chief Financial Officer
Lois E. Rickard	61	Senior Vice President & Chief People Officer
Jack W. Kennedy Jr.	38	Senior Vice President & Chief Legal Counsel
Carolyn J. Zelnio	50	Vice President and Chief Accounting Officer
Randolph W. Salisbury	60	Senior Vice President & Chief Marketing Officer
Michael K. Kaplan	48	Director
Allen S. Moseley	44	Director
Jonathan R. Phillips	41	Chairman of the Board
Andrew L. Turner	67	Director
Michael G. Valentine	45	Director
Edward J. VonderBrink	69	Director

Robert E. Watson has served on our Board of Directors and as our President and Chief Executive Officer since February 2011. Mr. Watson has over 30 years of experience in the healthcare information technology industry as a chief executive officer, board member, and advisor to many different companies. From July 2010 to February 2011, Mr. Watson was engaged as a consultant to several venture capital firms and growth stage healthcare companies. From July 2007 to July 2010, Mr. Watson was President and Chief Executive Officer and a director of DocuSys, Inc., a leading provider of anesthesia information systems that was acquired by Merge Healthcare Inc. in March 2010. Prior to joining DocuSys, he was Executive Vice President of Business Development of Concuity, a healthcare division of Trintech, Plc. Prior to Trintech, Plc.’s acquisition of Concuity Inc. in December 2006, Mr. Watson served on its board of directors and as its President and Chief Executive Officer. Prior to joining Concuity, Inc. in 2001, Mr. Watson was acting Chief Executive Officer of HealthTrac Corporation, Vice President and General Manager at Cerner Corporation while serving as the Chief Executive Officer of its IQHealth business unit, and has been the founder or senior executive of several successful healthcare organizations throughout his career. Mr. Watson was a director of Satori Labs, Inc. which was sold to Quality Systems, Inc. in 2011. Mr. Watson earned his MBA from the Wharton School of Business at the University of Pennsylvania and his BA in Health Policy Studies and Information and Library Science from Syracuse University. Mr. Watson’s service as our President and Chief Executive Officer, as well as his extensive experience as chief executive officer of other companies throughout the healthcare information technology industry, qualifies him to be an effective member of our Board of Directors. Mr. Watson’s successful background of leading companies into substantial growth periods, obtaining funding for them, and ultimately maximizing stockholder value are valuable attributes for his leadership positions as a member of our Board of Directors and our Chief Executive Officer.

Richard D. Nelli has served as our Senior Vice President and Chief Operating Officer since February 2014. Prior to that time, he served as our Senior Vice President and Chief Technology Officer from the time he joined us in January 2013. Before joining us, Mr. Nelli served as the Chief Technology Officer for CareMedic Systems, Inc., a healthcare information technology company, from September 2007 to November 2012. At CareMedic, he led the product management and information technology areas and managed its successful acquisition by UnitedHealth Group in 2010. From April 2011 to July 2007, Mr. Nelli served as Vice President of Product Management at Quovadx (now Lawson Software), where he guided the company’s Cloverleaf Integration strategies, which led to the successful acquisition by Battery Ventures in 2007. Mr. Nelli has launched over 50 healthcare product and service offerings over his career, many of which are the recognized leaders in the United States, Europe, Asia and the Middle East. He is a visible industry thought leader, and highly sought after public speaker. He currently serves as an advisor to the US Healthcare Efficiency Index, and is active in such healthcare industry organizations as Cooperative Exchange, Workgroup for Electronic Data Interchange (WEDI), Healthcare Financial Management Association (HFMA), American Health Information Management Association (AHIMA), and Healthcare Information and Management Systems Society (HIMSS).

Nicholas A. Meeks has served as our Senior Vice President and Chief Financial Officer since May 2013. Prior to that time, he served as our Vice President of Financial Planning from the time he joined us in June 2012. Mr. Meeks has financial executive experience in areas including mergers and acquisitions, budgeting, forecasting, and equity and debt capital financing transactions. From 2008 to June 2012, Mr. Meeks worked at Chamberlin Edmonds, which was acquired by Emdeon Inc., a leading provider of comprehensive healthcare eligibility and enrollment services. At Chamberlin Edmonds, Mr. Meeks served as Director of Financial Planning and Analysis and led the finance function for the provider payment integrity operating unit. He holds an MBA from The Fuqua School of Business at Duke University and a Bachelors degree from Emory University.

Lois E. Rickard joined Streamline Health as Senior Vice President and Chief People Officer in March 2014. Ms. Rickard has over 28 years of experience in leading human resources teams in various industries, including healthcare information technology, telecommunications and banking. From December 2010 to December 2013, Ms. Rickard served as Chief Talent Officer at Press Ganey Associates, a leading healthcare patient experience improvement firm. At Press Ganey, she managed the human resources organization, successfully transitioned human resources into a strategic partnership with the business, and integrated the human resource aspects of previous acquisitions. She was a strategic member of the executive team, focusing on merger and acquisition due diligence and integration as well as the growth and development of the organization. From January 2010 to November 2010, Ms. Rickard was an independent human resources consultant. From February 1997 to December 2009, Ms. Rickard served as Vice President of Human Resources at WebMD, LLC, a leading health information provider. At WebMD, she managed a team of 20 employees in addition to spearheading human resource efforts for 26 acquisitions throughout her tenure. She was instrumental in innovating and implementing new practices and offerings for WebMD’s online business after working with the executive team to take the online division public in 2005. Ms. Rickard has a bachelor’s degree from Albion College and a master’s degree from the University of Michigan.

Jack W. Kennedy Jr. was appointed Senior Vice President and Chief Legal Counsel in September 2013. From 2009 to September 2013, he was Vice President and Corporate Counsel for PRGX Global, Inc., a multinational provider of recovery audit, consulting and software services, where he provided legal advice on all aspects of the company's operations. From 2007 to 2009, Mr. Kennedy served as in-house counsel for Stiefel Laboratories, Inc., a specialty pharmaceutical company acquired by GlaxoSmithKline plc, where he provided legal advice on mergers and acquisitions, commercial contracts and international operations. Prior to his in-house legal career, Mr. Kennedy practiced at the law firms of Troutman Sanders LLP in Atlanta, Georgia and Akin Gump Strauss Hauer & Feld LLP in Houston, Texas. Mr. Kennedy has extensive experience in software and other intellectual property licensing, mergers and acquisitions, securities, and corporate governance. He received a J.D. from Tulane University School of Law and both a BA and BS from Mercer University and is admitted to the state bars of Texas and Georgia.

Carolyn J. Zelnio joined Streamline Health in May 2013 as Vice President and Chief Accounting Officer. She is responsible for overseeing the accounting functions and management of the treasury. She leverages over 20 years of experience in financial management, organizational strategy, mergers and acquisitions, operational change and public company compliance. From April 2010 to June 2011, Ms. Zelnio served as Chief Financial Officer of Aderant Holdings, Inc., a legal software company. From November 2008 to December 2009, she served as Chief Financial Officer of Purewire Inc., a software-as-a-service web security services provider (acquired by Barracuda Networks Inc. in October 2009). Ms. Zelnio was an independent consultant from January 2010 to March 2010 and from July 2011 to April 2013. She also has held executive roles at EnterConnect, and Witness Systems, a leading provider of workforce optimization software (acquired by Verint). In her various capacities, Ms. Zelnio has accomplished successful company acquisitions, grown a company from start-up to $225 million in revenues, expanded offices internationally, established banking, financing and world-wide tax strategies, implemented treasury and cash management initiatives, and implemented processes and controls required for SEC and Sarbanes-Oxley compliance and reporting. She served as a Senior Manager of KPMG and specialized in the audits of multi-national public companies. Ms. Zelnio is an active certified public accountant and received her Bachelor of Accounting from Florida International University.

Randolph W. Salisbury joined Streamline Health as Senior Vice President and Chief Marketing Officer in February 2014. From July 2008 to February 2014, Mr. Salisbury served as a founding partner and consultant at Morningside Partners, LLC, a marketing communications and investor relations consulting firm. During his time with Morningside Partners, Mr. Salisbury performed marketing functions on behalf of various clients and performed investor relations consulting services for Streamline Health. Currently, Mr. Salisbury is on the board of directors of Decooda, Inc, a private, software-as-a-service start-up company. He also serves on the board of directors of Pink Ribbon Foundation, a breast cancer survivor non-profit. Mr. Salisbury received his bachelor’s degree from Ohio Wesleyan University and his MBA from Goizueta Business School at Emory University.

Michael K. Kaplan has served on our Board of Directors since January 2012. Mr. Kaplan brings more than 20 years of experience in various roles in the healthcare industry. He is currently Founder and Managing Director of Altos Health Management, a venture capital firm focused on the healthcare industry. He also serves as a co-founder and Managing Director of MMC Health Services, a private equity firm. Prior to founding Altos Health Management in 2009, Mr. Kaplan was a partner at Three Arch Partners, a venture capital firm focused on healthcare. He was involved with 19 portfolio companies during nearly a decade at Three Arch Partners. Before joining Three Arch Partners, Mr. Kaplan was an operating executive at Blue Shield of California where he had a variety of roles, including Vice President of Corporate Development and Strategic Planning, Regional Chief Executive for Northern California, and Vice President of Business Transformation. Earlier in his career, Mr. Kaplan was a Senior Manager in consulting for APM Incorporated/CSC Healthcare and a Financial Analyst at Kidder, Peabody & Co. Incorporated. Mr. Kaplan received his BS in Business Administration from Washington University in St. Louis and an MBA from the Stanford Graduate School of Business. Mr. Kaplan is well-qualified to serve on our Board of Directors. He brings a wealth of industry knowledge and experience to the Board of Directors from his experience in the healthcare industry. Mr. Kaplan's venture capital experience also allows him to provide our Board of Directors with valuable insights and analysis as to strategic and financial developments within the industry and potential opportunities and consequences such developments create for us.

Allen S. Moseley has served on our Board of Directors since August 2012. He has served as a General Partner at Noro-Moseley Partners ("Noro-Moseley") since 1998 and leads the firm's healthcare practice focused primarily in healthcare information technology, healthcare services, and medical devices. He currently represents Noro-Moseley on the boards of various healthcare vendors. Prior to joining Noro-Moseley, Mr. Moseley was in the corporate finance group at The Robinson-Humphrey Company, an investment banking firm previously owned by Citigroup and now part of SunTrust Banks, Inc. Mr. Moseley worked extensively in the healthcare and business services industries, advising on a number of initial public offerings, mergers and acquisitions, and private placements. He also was involved in R-H Capital Partners, the private equity investment arm of the firm. Previously, he held investment banking positions with Bowles Hollowell Conner & Company and Merrill Lynch & Co. Mr. Moseley currently serves on the Board of Trustees of the Georgia Research Alliance and the Technology Association of Georgia. He was recently Chairman of Venture Atlanta and Chairman of the Technology Association of Georgia. Mr. Moseley received a BA from the University of North Carolina at Chapel Hill, where he was a member of Phi Beta Kappa, and an MBA from Harvard Business School. Mr. Moseley is well-qualified to serve on our Board of Directors. With vast experience in the healthcare industry and a background in investment banking, Mr. Moseley brings a wealth of industry knowledge to our Board of Directors. Mr. Moseley's venture capital experience also allows him to provide our Board of Directors with valuable insights and analysis as to strategic and financial developments within the industry and potential opportunities and consequences such developments create for us.

Jonathan R. Phillips has served on our Board of Directors since May 2005 and was elected Chairman of our Board of Directors in May 2009. In 2005, Mr. Phillips founded Healthcare Growth Partners, a provider of strategic and financial advisory services to healthcare technology companies, and has served as its Managing Director since that time. Prior to founding Healthcare Growth Partners, Mr. Phillips was a member of the Healthcare Investment Banking Group at William Blair and Company, LLC, an investment banking firm. Prior to William Blair, he served in various roles in the healthcare practice of Deloitte Consulting for more than four years where he provided strategic consulting to healthcare providers and other organizations. From 2007 until immediately prior to its acquisition by Merge Healthcare Incorporated (NASDAQ: MRGE) in 2011, Mr. Phillips was a director of Ophthalmic Imaging Systems, Inc., a public company that provided software and technology for ophthalmology practices, where he served on the audit, compensation, and nominating committees and chaired the special committee. Mr. Phillips also serves as a director for several private companies. Mr. Phillips serves on the nonprofit board of the Ray Graham Association, where he is a member of the finance committee, and on the Rush University Medical Center Associates board. Mr. Phillips is a securities principal having completed the Series 24, 7 and 63 exams. Mr. Phillips earned his MBA in Finance, Marketing and Health Services Management from the J. L. Kellogg School of Management, Northwestern University, and his BA in Economics and Management from DePauw University. Mr. Phillips is well qualified to serve on our Board of Directors. He brings a wealth of industry knowledge and experience to the Board of Directors as the founder and Managing Director of Healthcare Growth Partners, an investment banking firm focused on sub-middle market healthcare information technology companies. During his career, Mr. Phillips has completed over 70 transactions involving healthcare companies, which transactions had an aggregate value of over $2 billion. He also has completed over 40 strategic advisory engagements for healthcare technology and services companies. These experiences within the healthcare sector allow Mr. Phillips to provide our Board of Directors with valuable insights and analysis as to strategic and financial developments within the industry and potential opportunities and consequences such developments create for us.

Andrew L. Turner has served on our Board of Directors since November 2006. He currently serves as Chairman of the board of privately held Trinity Healthcare Systems, LLC, an operator of skilled nursing and assisted living facilities founded by Mr. Turner in 2009. Mr. Turner also has been a director of Actavis (NYSE: ACT) (formerly known as Watson Pharmaceuticals, Inc. (NYSE: WPI)) since 1997, where he has served as chairman of the audit committee, chairman of the governance and nominating committee, and was elected chairman of the board in 2008. From 1994 to 2011, Mr. Turner also has served as a director of The Sports Club Company, Inc. (OTC: SCYL.PK), an owner and operator of upscale fitness facilities. From 1989 until August 2000, Mr. Turner served as Chairman of the board and Chief Executive Officer of Sun Healthcare Group, Inc., a health care services provider. Mr. Turner earned his BA in Business Administration and Political Science from The Ohio State University. Mr. Turner's experiences in executive management in the health care industry and a variety of other industries allow him to provide our Board of Directors with different perspectives in managing and growing our business and developing our strategic direction. Mr. Turner's service as a director of several other publicly held companies and on their different committees facilitates his ability to bring leadership to our Board of Directors with respect to our Board's various committees.

Michael G. Valentine has served on our Board of Directors since October 2012. He has served as the Chief Executive Officer of Netsmart Technologies, Inc., an information technology company, since May 2011. Prior to that position, he served as Executive Vice President and Chief Operating Officer at Cerner Corporation, an information technology company. He held a succession of business ownership roles during his 13 years at Cerner. Prior to his role as Chief Operating Officer, he maintained ownership of all client delivery and relationships for Cerner's worldwide operations. Prior to joining Cerner, Mr. Valentine started and managed a Midwest-based technology solutions and services company. Before that, he was an executive in telecommunications and technology industry groups for seven years at Andersen Consulting. Mr. Valentine earned his BS in Industrial Engineering from Kansas State University. With his extensive experience in healthcare information technology, Mr. Valentine brings valuable insight and experience to our Board of Directors. Further, his leadership in key roles at information technology companies qualifies him to be an effective member of our Board. Our Board of Directors has determined that Mr. Valentine is an audit committee financial expert under SEC and NASDAQ Stock Market standards.

Edward J. VonderBrink, CPA, has served on our Board of Directors since May 2005. He is the retired Area Managing Partner of Grant Thornton LLP, a national certified public accounting firm. Mr. VonderBrink began his career with Grant Thornton in 1967, became a partner in 1977, and served in such capacity until his retirement in 1999. He then became Executive Director of the Entrepreneurial Center of Xavier University from 2000 to 2004. He is currently an independent consultant. He serves as trustee of Touchstone Complex. Mr. VonderBrink is a certified public accountant and received both his BSBA in accounting and his MBA from Xavier University. Mr. VonderBrink's financial and accounting expertise are valuable attributes for his position as chairman of our Audit Committee. His experiences as a leader of a large organization, coupled with his work with smaller businesses and strategic planning, further qualify him to be an effective member of our Board of Directors. Our Board of Directors has determined that Mr. VonderBrink is an audit committee financial expert under SEC and NASDAQ Stock Market standards.

There are no family relationships among any of our directors or executive officers. All directors are elected to serve a one-year term.

Audit Committee

The Audit Committee is comprised entirely of independent directors. Messrs. VonderBrink (Committee Chairman), Moseley and Valentine are presently the members of the Audit Committee. Mr. Phillips, as the independent Chairman of the Board, attends Audit Committee meetings in a non-voting capacity. The Audit Committee operates under a charter approved by our Board of Directors and which can be found through our web site at *www.streamlinehealth.net/investor-relations*. The Audit Committee, along with management, met separately or as part of the entire Board of Directors to review each of our quarterly and annual financial statements filed on Form 10-Q or Form 10-K prior to the filing of those reports with the SEC. The Audit Committee Chairman separately discusses our financial reports with the auditors on a regular basis. The Audit Committee's functions include the engagement of our independent registered public accounting firm, review of the results of the audit engagement and our financial results, review of our financial statements by the independent registered public accounting firm and their opinion thereon, review of the auditors' independence, review of the effectiveness of our internal controls and similar functions, and approval of all auditing and non-auditing services performed by our independent registered public accounting firm. The Board of Directors has determined that Messrs. VonderBrink and Valentine are audit committee financial experts.

Code of Conduct and Ethics

The Board of Directors has adopted our Code of Conduct and Ethics which applies to all of our directors, officers (including our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and any person performing similar functions), and employees. We have made the Code of Conduct and Ethics available through our website at *www.streamlinehealth.net/investor-relations*.

Section 16 (a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of any class of our equity securities, who collectively we generally refer to as insiders, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of Common Stock and other equity securities of the Company. Our insiders are required by SEC regulation to furnish us with copies of all Section 16(a) reports they file. Based solely upon a review of the copies of the forms furnished to us, we believe that during the 2013 fiscal year our insiders complied with all applicable filing requirements, except that Mr. Nelli made two late filings reporting his initial statement of beneficial ownership and one transaction, Herbert P. Larsen made three late filings reporting his initial statement of beneficial ownership and an aggregate of two transactions, Stephen H. Murdock made one late filing reporting one transaction, Matthew S. Seefeld made three late filings reporting an aggregate of 49 transactions; Gary M. Winzenread made one late filing reporting one transaction, Michael A. Schiller made three late filings reporting an aggregate of three transactions; Ray Cross made two late filings reporting his initial statement of beneficial ownership and an aggregate of 23 transactions, Ms. Zelnio made one late filing reporting one transaction; Mr. Phillips made one late filing reporting one transaction; Mr. Valentine made one late filing reporting one transaction, Mr. VonderBrink made one late filing reporting one transaction, Mr. Turner made one late filing reporting one transaction; Mr. Kaplan made one late filing reporting one transaction, Richard C. Levy made two late filings reporting an aggregate of two transactions, Jay D. Miller made two late filings reporting an aggregate of two transactions, Noro-Moseley Partners VI, L.P. made one late filing reporting one transaction, Mr. Meeks made one late filing reporting one transaction and Mr. Kennedy made one late filing reporting one transaction.

ITEM 11. *Executive Compensation*

Summary Compensation

References to “Named Executive Officers” refer to Robert E. Watson, Nicholas A. Meeks and Matthew S. Seefeld. The following table is a summary of certain information concerning the compensation earned by our Named Executive Officers for the fiscal years presented.

Summary Compensation Table

Name and Principal Position	Year	Salary(1) ($)	Option Awards(2) ($)	Stock Awards(2) ($)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation (3, 4 & 5) ($)	Total ($)
Robert E. Watson Chief Executive Officer and President	2013	325,000	307,548	—	200,000	15,139	847,687
	2012	275,000	32,618	—	200,000	15,204	522,822
	2011	250,000	—	75,000(6)	75,000(6)	10,453	410,453
Nicholas A. Meeks(7) Sr. Vice President and Chief Financial Officer	2013	183,147	300,900	—	20,139	11,226	515,412
Matthew S. Seefeld(8) Former Sr. Vice President, Solutions Strategy	2013	200,000	65,601	—	25,000	110,112	400,713

(1) Includes amounts contributed by the officers to our 401(k) plan.

(2) The amounts included in the table above reflect the total grant date fair value and were determined in accordance with Financial Accounting Standards Board ASC Topic 718. The assumptions used in determining the grant date fair values of these awards are set forth in the footnotes to our consolidated financial statements, which are included in our Annual Report on Form 10-K for the year ended January 31, 2014 filed with the SEC.

(3) Does not include perquisites and other personal benefits, the aggregate amount of which with respect to each of the Named Executive Officers does not exceed $10,000 reported for the fiscal years presented.

(4) Includes our matching contribution to the 401(k) plan equal to a 100% match on the first 4% of the employee’s compensation which is available to all employees who participate in the plan.

(5) Excludes group life insurance, health care insurance, employee stock purchase plan discounts, long-term disability insurance and similar benefits provided to all employees that do not discriminate in scope, terms or operations in favor of the Named Executive Officers.

(6) Mr. Watson opted to have a portion of his non-equity incentive compensation in 2011 paid in restricted stock, which vested on the grant date, in lieu of cash. Accordingly, Mr. Watson received 45,454 shares of restricted stock. The shares of restricted stock were granted to him at a price of $1.65 per share.

(7) Mr. Meeks became our Senior Vice President and Chief Financial Officer effective May 22, 2013. Mr. Meeks was previously Vice President of Financial Planning.

(8) Mr. Seefeld resigned as our Senior Vice President, Solutions Strategy effective April 22, 2014.

Equity Compensation Information

Outstanding Equity Awards at 2013 Fiscal Year End(1)

The following table sets forth information with respect to the Named Executive Officers equity awards outstanding as of January 31, 2014.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares that Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Unearned Shares that Have Not Vested ($)
	25,000	75,000 (1)	6.90	4/21/2023	—	—
Robert E. Watson	250,000	— (2)	2.00	1/31/2021	—	—
	90,000	60,000 (3)	3.00	1/31/2021	—	—
	50,000	— (4)	2.00	4/4/2022	—	—
	55,000	— (5)	3.46	6/25/2022	—	—
Nicholas A. Meeks	100,000	— (6)	6.65	5/22/2023	—	—
Matthew S. Seefeld	100,000	— (7)	1.65	(9)	—	—
	19,444	— (8)	5.37	(10)	—	—

(1) These options vest ratably monthly until they are fully vested on April 22, 2016.

(2) These options vested in full on January 31, 2014.

(3) These options vest ratably annually until they are fully vested on January 31, 2016.

(4) These options vested in full on April 24, 2013.

(5) These options vested in full on June 25, 2013.

(6) These options vested in full on June 22, 2013.

(7) These options vested in full on January 7, 2012.

(8) Mr. Seefeld resigned as our Senior Vice President, Solutions Strategy effective April 22, 2014, at which time unvested options to purchase 30,556 shares of our common stock (of a grant of 50,000 options on January 29, 2013) were forfeited.

(9) These options must be exercised within 180 days of April 22, 2014, Mr. Seefeld's date of resignation.

(10) These options must be exercised within 180 days of April 22, 2014, Mr. Seefeld's date of resignation.

Option Exercises and Stock Vested in 2013 Fiscal Year

No shares of our common stock were acquired by any Named Executive Officer on exercise of outstanding option awards in fiscal 2013. The Named Executive Officers did not have any restricted stock vest in fiscal 2013.

Named Executive Officer Employment Agreements and Arrangements

Robert E. Watson. We entered into an employment agreement with Mr. Watson on April 22, 2013 with an initial term ending on January 31, 2015 and automatic annual renewals. This agreement contains the provisions described below and other usual and customary provisions found in executive employment agreements. The agreement provides that he serves as our President and Chief Executive Officer throughout the term of the agreement; his base salary is $325,000 and is subject to annual adjustment at the discretion of the Compensation Committee. In fiscal year 2013, his base salary was $325,000. If we terminate Mr. Watson's employment for reasons other than good cause, death or continued disability, if Mr. Watson terminates his employment for good reason, or if we do not renew the term of the agreement in the year following the initial term, Mr. Watson generally will be entitled to receive: (1) accrued but unpaid salary through his termination date; (2) reimbursement of expenses incurred prior to his termination date; and (3) an amount equal to 1.25 times (or 2 times, in certain situations involving a change in control) the sum of (A) his annual base salary then in effect and (B) an amount equal to the higher of his bonus for the prior fiscal year or his target bonus for the fiscal year in which termination occurs. In the case of termination of employment for the reasons set forth above within 90 days prior to or 12 months following a change in control, Mr. Watson will be entitled to receive the foregoing benefits and all his equity awards will immediately vest in full and remain exercisable until the earlier of the end of the applicable option period or 180 days from his termination. Our total cost upon termination in such events would be $670,313 (or $1,072,500 in the case of a change in control) based upon his current base salary and non-equity incentive target compensation in fiscal year 2014. Mr. Watson is subject to a non-compete provision for a period of two years following termination of employment.

Nicholas A. Meeks. We entered into an employment agreement with Mr. Meeks on May 22, 2013 with an initial term ending on May 22, 2014 and automatic annual renewals. This agreement contains the provisions described below and other usual and customary provisions found in executive employment agreements. The agreement provides that he serves as our Senior Vice President and Chief Financial Officer throughout the term of the agreement; his base salary is $200,000 and is subject to annual adjustment at the discretion of the Compensation Committee. In fiscal year 2013, his base salary was $200,000, and effective May 20, 2014, the Compensation Committee increased Mr. Meeks' base salary to $225,000. If we terminate Mr. Meeks' employment for reasons other than good cause, death or continued disability or if Mr. Meeks terminates his employment for good reason, Mr. Meeks generally will be entitled to receive: (1) accrued but unpaid salary through his termination date; (2) reimbursement of expenses incurred prior to his termination date; and (3) an amount equal to 50% of the sum of (A) his annual base salary then in effect and (B) an amount equal to the higher of his bonus for the prior fiscal year or his target bonus for the fiscal year in which termination occurs. In the case of termination of employment for the reasons set forth above within 90 days prior to or 12 months following a change in control, Mr. Meeks will be entitled to receive the foregoing benefits and all his equity awards will immediately vest in full and remain exercisable until the earlier of the end of the applicable option period or 180 days from his termination. Our total cost upon termination in such events would be $157,500 (or $157,500 in the case of a change in control) based upon his current base salary and non-equity incentive target compensation in fiscal year 2014. Mr. Meeks is subject to a non-compete provision for a period of two years following termination of employment.

Matthew S. Seefeld. Mr. Seefeld resigned from his position as our Senior Vice President, Solutions Strategy effective April 22, 2014. Mr. Seefeld did not receive any severance in connection with his resignation.

Indemnification Agreements. We also have entered into indemnification agreements with Messrs. Watson and Meeks. Each indemnification agreement provides that we will indemnify the covered individual to the full extent permitted by Delaware law. Each indemnification agreement also requires us to maintain directors and officers liability insurance coverage substantially equivalent to our current coverage, provided that the costs of maintaining such insurance does not become substantially disproportionate to the coverage obtained and that such insurance is reasonably available to us.

Director Compensation

We currently pay each of our non-employee directors the following fees for service on our board and committees: (i) an annual retainer of $10,000, (ii) $2,000 for each regularly scheduled board meeting attended in person, or $1,000 for a telephonic meeting, and (iii) $2,000 per day for each special meeting or committee meeting attended in person on days when there are no board meetings or $1,000 if these meetings are telephonic. In addition, committee chairmen are paid an annual retainer of $2,500, and the Chairman of the Board is paid an annual retainer of $35,000. The Chairman of the Board is not compensated for committee meeting fees. All annual retainers are paid immediately following the annual meeting of stockholders. Mr. Watson, as one of our officers, was not separately compensated for his service on our Board of directors. See the “Summary Compensation Table” for information relating to Mr. Watson’s compensation as our President and Chief Executive Officer. As a principal of Noro-Moseley, Mr. Moseley is not permitted to accept personal compensation for service on boards of directors of companies in which Noro-Moseley invests. Therefore, the meeting and retainers relating to Mr. Moseley’s service as a director are paid directly to Noro-Moseley. In order to attract and retain high quality non-employee independent directors, we currently have a policy of allowing independent directors to accept a grant of restricted stock with a one-year vesting period, in equal value to all or a portion of their annual board fees, in lieu of cash.

In addition, incumbent non-employee directors (other than the Chairman of the Board) are annually granted $30,000 in restricted stock with a one-year vesting period, which grant is made on the date of the annual meeting of stockholders. The Chairman of the Board is annually granted $45,000 in restricted stock with a one-year vesting period. These awards are pursuant to the 2013 Plan and are valued at the closing price of our common stock on the grant date. We believe that the awarding of restricted stock to directors is a necessary component of their total compensation, including their director fees, in order to align their interests with those of our stockholders. Our Compensation Committee and Board of Directors have allowed a limited exception to this policy in connection with Mr. Moseley’s service as a director on our Board to account for limitations on his ability to accept compensation for service as a director and in recognition that a grant of restricted stock to Noro-Moseley would not satisfy the intent of the board’s policy. For so long as Mr. Moseley remains a director on our Board, we will pay the $25,000 cash equivalent value to Noro-Moseley instead of issuing restricted stock.

During the 2013 fiscal year, the directors were awarded the following number of shares of restricted stock: Michael K. Kaplan, 3,759 shares; Jonathan R. Phillips, 11,278 shares; Andrew L. Turner, 5,639 shares; Michael G. Valentine, 5,263 shares; and Edward J. VonderBrink, 3,759 shares.

Director Compensation in 2013(1)

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1)(2)(3) ($)	Option Awards(1)(3) ($)	Total ($)
Michael K. Kaplan(4)	24,000	25,000	—	49,000
Richard C. Levy, M.D.(5)	5,000	—	—	5,000
Jay D. Miller(5)	5,000	—	—	5,000
Allen Moseley(6)	—	—	—	—
Jonathan R. Phillips	7,000	75,000	—	82,000
Andrew L. Turner	11,500	37,500	—	49,000
Michael G. Valentine	12,000	35,000	—	47,000
Edward J. VonderBrink	25,220	25,000	—	50,220

(1) The amounts included in the table above for Option Awards and Restricted Stock Awards reflect the total amount of the grant date fair value for options and restricted stock grants computed in accordance with Financial Accounting Standards Board ASC Topic 718.

(2) The amounts shown include the value of shares of restricted stock granted to each of Messrs. Levy, Phillips, and Turner in 2013 in lieu of paying their meeting fees in cash.

(3) As of January 31, 2014, the aggregate number of shares of restricted stock outstanding for each director, as applicable, is as follows: Mr. Kaplan, 3,759, Mr. Phillips, 11,278, Mr. Turner, 5,639, Mr. Valentine, 5,263, and Mr. Vonderbrink, 3,759. As of January 31, 2014, the aggregate number of options outstanding for each director, as applicable, is as follows: Mr. Phillips, 45,000, Mr. Turner, 35,000, Mr. Valentine, 0, and Mr. Vonderbrink, 45,000.

(4) Meeting and retainers relating to Mr. Kaplan's service as a director are paid on his behalf to his company, Altos Health Management.

(5) The terms of Richard C. Levy, M.D. and Jay D. Miller expired at the 2013 Annual Meeting of Stockholders, and they did not stand for re-election at such meeting.

(6) As described above, Mr. Moseley is not permitted to accept personal compensation for service on our board. A total of $50,000 was paid to Noro-Moseley relating to his service as a director in fiscal 2013.

We also have entered into indemnification agreements with each of our directors. Each indemnification agreement provides that we will indemnify the covered individual to the full extent permitted by Delaware law. The indemnification agreement also requires that we maintain directors and officers liability insurance coverage substantially equivalent to our current coverage, provided that the costs of maintaining such insurance does not become substantially disproportionate to the coverage obtained and that such insurance is reasonably available to us.

We have provided liability insurance for our directors and officers since 1996. The current policies expire on April 26, 2015. The annual cost of this coverage is $132,000. Upon expiration, the current policies will be renewed or replaced with at least equivalent coverage.

Compensation Committee Interlocks and Insider Participation

The following non-employee independent directors served on the Compensation Committee during the 2013 fiscal year: Andrew L. Turner, Richard C. Levy, M.D., Jay D. Miller, Allen S. Moseley and Edward J. VonderBrink. No member of the Compensation Committee is or was an officer or employee of ours or any subsidiary of ours. None of our directors or Named Executive Officers serve on any board of directors or compensation committee that compensates any member of the Compensation Committee.

Risk Management related to Compensation Policies and Practices

We do not believe that our compensation policies and practices encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on the company. The design of our compensation policies and practices encourages our employees to remain focused on both our short- and long-term goals. For example, while our cash bonus plans measure performance on an annual basis, our equity awards typically vest over a number of years, which we believe encourages our employees to focus on sustained stock price appreciation, thus limiting the potential value of excessive risk-taking.

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

Equity Compensation Plan Information

As of January 31, 2014, securities authorized for issuance under equity compensation plans are as follows:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))	
	(a)		(b)	(c)	
Equity compensation plans approved by security holders	1,473,425	(1)	$ 5.38	339,828	(3)
Equity compensation plans not approved by security holders	830,982	(2)	$ 2.84	—	(4)
Total	2,304,407	(1, 2)	$ 4.46	339,828	

(1) Includes 1,473,425 options that can be exercised under the 2005 and 2013 Incentive Compensation Plans.

(2) Options granted under inducement grants with terms as nearly as practicable identical to the terms and conditions of the Company's 2005 Incentive Compensation Plan. The share and option awards are inducement grants, pursuant to NASDAQ Marketplace Rule 5635(c)(4).

(3) Includes 242,513 shares to be issued from the 2005 and 2013 Incentive Compensation Plans and 97,285 shares to be issued from the Employee Stock Purchase Plan as of January 31, 2014.

(4) The Company's Board of Directors has not established any specific number of shares that can be issued without stockholder approval. Inducement grants to new key employees will be determined on a case-by-case basis. Other than possible inducement grants, the Company expects that all equity awards will be made under stockholder-approved plans.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of our common stock as of May 22, 2014 by: (i) each stockholder known by us to be the beneficial owner of more than 5% of our common stock; (ii) each director; (iii) each Named Executive Officer; and (iv) all directors and current executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC, which deem a person to beneficially own any shares the person has or shares voting or dispositive power over and any additional shares obtainable within 60 days through the exercise of options, warrants or other purchase rights. Shares of common stock subject to options, warrants or other rights to purchase that are currently exercisable or are exercisable within 60 days of May 22, 2014 (including shares subject to restrictions that lapse within 60 days of May 22, 2014) are deemed outstanding for purposes of computing the percentage ownership of the person holding such shares, options, warrants or other rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person. Unless otherwise indicated, each person possesses sole voting and investment power with respect to the shares identified as beneficially owned. The percentages are based on 18,176,120 shares of common stock outstanding. An asterisk indicates beneficial ownership of less than 1% of the common stock outstanding.

Name of Beneficial Owner	Common Stock Beneficially Owned	Percent of Common Stock Owned
Five Percent Stockholders		
Cortina Asset Management, LLC(1)	1,022,009	5.6%
Deerfield Mgmt, L.P.(2)	1,140,100	6.3%
Great Point Partners, LLC(3)	2,006,889	9.9%
IPP Holding Company, LLC(4)	989,477	5.4%
Noro-Moseley Partners VI, L.P.(5)	2,123,333	10.5%
Pembroke Management, LTD(6)	1,757,900	9.7%
Directors and Named Executive Officers		
Michael K. Kaplan	35,951	*
Nicholas A. Meeks(7)	160,296	*
Allen S. Moseley	0	*
Jonathan R. Phillips(8)	439,192	2.4%
Matthew S. Seefeld(9)	323,443	1.8%
Andrew L. Turner(10)	134,927	*
Michael G. Valentine	40,799	*
Edward J. VonderBrink(11)	154,869	*
Robert E. Watson(12)	620,519	3.3%
All current directors and executive officers as a group (12 persons)(13)	1,770,163	9.3%

(1) Based on the Schedule 13G filed with the SEC on January 9, 2014. Cortina Asset Management, LLC ("Cortina") is deemed to have sole voting power over 737,008 shares of common stock and sole dispositive power over 1,022,009 shares of common stock. Cortina's address is 825 N Jefferson Street, Suite 400, Milwaukee, WI 53202.

(2) Based on the Schedule 13G filed with the SEC on April 4, 2014. Includes 629,336 shares of common stock held by Deerfield Special Situations Fund, L.P. ("DSSF") and 510,764 shares of common stock held by Deerfield Special Situations International Master Fund, L.P. ("DSSIMF"). Deerfield Mgmt, L.P. ("DM") is the general partner of, and Deerfield Management Company, L.P. ("DMC") is the investment advisor for, each of DSSF and DSSIMF. DM, DMC and James E. Flynn may be deemed to be the beneficial owner of shares held by DSSF and DSSIMF. The address of DSSF, DSSIMF, DM, DMC and Mr. Flynn is 780 Third Avenue, 37th Floor, New York, NY 10017.

(3) Based on the Schedule 13G/A filed with the SEC on February 14, 2014. Includes (i) 83,969 shares of common stock, (ii) 1,583,329 shares of common stock issuable upon conversion of preferred stock and (iii) 339,591 shares of common stock issuable upon exercise of warrants, collectively owned by funds and accounts for which Great Point Partners, LLC ("GPP") is the investment manager. By virtue of such status, GPP may be deemed to be the beneficial owner of such shares. Each of Dr. Jeffrey R. Jay, M.D., as senior managing member of GPP, and David Kroin, as special managing member of GPP, has voting and investment power with respect to such shares and therefore may be deemed to be the beneficial owner thereof. GPP, Dr. Jay, and Mr. Kroin disclaim beneficial ownership of such shares, except to the extent of their respective pecuniary interests therein. Does not include 360,409 shares of common stock issuable upon the exercise of warrants held by GPP for which beneficial ownership is not permitted pursuant to certain applicable beneficial ownership limitation restrictions. GPP's address is 165 Mason Street, 3rd Floor, Greenwich, CT 06830.

(4) Based on the Schedule 13G filed with the SEC on April 18, 2013. Includes 989,477 shares remaining from those issued to IPP Holding Company, LLC ("IPP") on June 15, 2012 upon conversion of the convertible note in the original principal amount of $3,000,000. IPP and W. Ray Cross, a member and manager of IPP, are deemed to share voting and dispositive power over all 989,477 shares. IPP's address is 2773 Marshall Drive, Tifton, GA 31794.

(5) Based on the Schedule 13D filed with the SEC on August 29, 2012, as amended by the Schedule 13D/A filed with the SEC on September 5, 2013. Includes (i) 1,633,333 shares of common stock issuable upon conversion of preferred stock and (ii) 490,000 shares of common stock issuable upon exercise of warrants, collectively beneficially owned by Noro-Moseley Partners VI, L.P. and its general partner, Moseley and Company VI, LLC. Both entities are deemed to share voting and dispositive power of all 2,123,333 shares. Noro-Moseley's address is 4200 Northside Parkway, N.W. Building 9, Atlanta, GA 30327.

(6) Based on the Schedule 13G/A filed with the SEC on May 7, 2014. Clients of Pembroke Management, LTD ("Pembroke") have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the common stock beneficially owned by Pembroke. Pembroke's address is 1002 Sherbrooke Street West, Suite 1700, Montreal, Quebec H3A 354.

(7) Includes 157,500 shares that are issuable upon exercise of currently exercisable options.

(8) Includes 10,000 shares held by Mr. Phillips' wife and 45,000 shares that are issuable upon exercise of currently exercisable options.

(9) Mr. Seefeld resigned as our Senior Vice President, Solutions Strategy effective April 22, 2014. Includes 119,444 shares that are issuable upon exercise of currently exercisable options.

(10) Includes 2,000 shares held by Mr. Turner's wife and 35,000 shares that are issuable upon exercise of currently exercisable options.

(11) Includes 45,000 shares that are issuable upon exercise of currently exercisable options.

(12) Includes 2,160 shares held by Mr. Watson's wife and 424,721 shares that are issuable upon currently exercisable options.

(13) Includes 14,160 shares held indirectly and 890,831 shares that are issuable upon exercise of currently exercisable options.

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

Related Party Transactions

Since February 1, 2012, there have been no related party transactions required to be disclosed pursuant to Item 404 of Regulation S-K.

Director Independence

The Board of Directors presently consists of seven members. The Board has determined that the following six directors are independent within the meaning of Rule 5605 of the NASDAQ Marketplace Rules: Michael K. Kaplan, Allen S. Moseley, Jonathan R. Phillips, Andrew L. Turner, Michael G. Valentine and Edward J. VonderBrink. Each of the Board's Audit Committee, Compensation Committee and Governance and Nominating Committee is comprised entirely of independent directors.

ITEM 14. *Principal Accounting Fees And Services*

On April 22, 2013, KPMG LLP ("KPMG") was engaged as our independent registered public accounting firm effective May 1, 2013. Prior to that time, including for the fiscal year ended January 31, 2013, BDO USA, LLP ("BDO") served as our independent registered public accounting firm.

Independent Registered Public Accounting Firm Fees

The following table sets forth the aggregate fees for the 2013 fiscal year billed by KPMG and for the 2012 fiscal year billed by BDO for audit and other services approved by the Audit Committee.

	2013	2012
Audit Fees	$ 1,331,000	$ 275,000
Audit-Related Fees	—	—
Tax Fees	—	15,000
All Other Fees	—	—
Total Fees	$ 1,331,000	$ 290,000

Fees represented in the "Audit Fees" category include fees for audit work performed in the preparation of financial statements and Sarbanes-Oxley controls over financial reporting, as well as in connection with our Montefiore Medical Center transaction, our acquisition of Meta Health Technology, Inc., and our November 2013 and August 2012 securities offerings. In 2012, we also engaged BDO to provide tax consulting and compliance services.

Audit Committee's Pre-Approval Policies and Procedures

All audit-related services, tax services and other non-audit services were pre-approved by the Audit Committee, which concluded that the provision of such services by KPMG and BDO was compatible with the maintenance of those firms' independence in the conduct of their auditing functions. The Audit Committee's outside auditor independence policy provides for pre-approval of audit, audit-related and tax services specifically described by the committee on an annual basis and, in addition, individual engagements anticipated to exceed pre-established thresholds must be separately approved.

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/ ROBERT E. WATSON

Robert E. Watson
Chief Executive Officer

DATE: June 13, 2014

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/ ROBERT E. WATSON Robert E. Watson	Chief Executive Officer And Director (Principal Executive Officer)	June 13, 2014
/s/ JONATHAN R. PHILLIPS Jonathan R. Phillips	Director	June 13, 2014
/s/ EDWARD J. VONDERBRINK Edward J. VonderBrink	Director	June 13, 2014
/s/ ANDREW L. TURNER Andrew L. Turner	Director	June 13, 2014
/s/ MICHAEL K. KAPLAN Michael K. Kaplan	Director	June 13, 2014
/s/ ALLEN S. MOSELEY Allen S. Moseley	Director	June 13, 2014
/s/ MICHAEL G. VALENTINE Michael G. Valentine	Director	June 13, 2014
/s/ NICHOLAS A. MEEKS Nicholas A. Meeks	Chief Financial Officer (Principal Financial Officer)	June 13, 2014
/s/ CAROLYN J. ZELNIO Carolyn Zelnio	Chief Accounting Officer (Principal Accounting Officer)	June 13, 2014

INDEX TO EXHIBITS

EXHIBITS

3.1(a)	Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems, 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.)
3.1(b)	Certificate of Incorporation of Streamline Health Solutions, Inc., amendment No. 1. (Incorporated herein by reference from Exhibit 3.1(b) of the Form 10-Q, as filed with the Commission on September 8, 2006.)
3.2	Bylaws of Streamline Health Solutions, Inc., as amended and restated on March 28, 2014, (Incorporated herein by reference from Exhibit 5.03 of Form 8-K, as filed with the Commission on April 3, 2014.)
3.3	Certificate of the Designations, Powers, Preferences and Rights of the Convertible Preferred Stock (Par Value $.01 Per Share) 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.)
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 Option Plan. (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.)
10.2#	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.)
10.3(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.)
10.3(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.)
10.3(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.)
10.4#	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.)
10.5**	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.)
10.6	First Amendment to the 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 of the Form 10-Q for the quarter ended April 30, 2002, as filed with the Commission on June 4, 2002.)
10.7#	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.)
10.8#	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.)
10.9#***	Amended and Restated Employment Agreement among Streamline Health Solutions, Inc. and Richard D. Nelli effective February 20, 2014.

10.10#	2013 Stock Incentive Plan of Streamline Health Solutions, Inc. (Incorporated herein by reference from Exhibit 99 of the Form S-8, as filed with the Commission on May 22, 2013.)
10.11#	Form of Stock Option Agreement pursuant to the 2013 Stock Incentive Plan of Streamline Health Solutions, Inc. (Incorporated herein by reference from Exhibit 10.2 of the Form 10-Q, as filed with the Commission on June 14, 2013.)
10.12#	Form of Restricted Stock Award Agreement (for Directors) pursuant to the 2013 Stock Incentive Plan of Streamline Health Solutions, Inc. (Incorporated herein by reference from Exhibit 10.3 of the Form 10-Q, as filed with the Commission on June 14, 2013.)
10.13	Purchase Agreement dated as of November 22, 2013 between Streamline Health Solutions and Craig-Hallum Capital Group LLC, as underwriter and representative of the several underwriters. (Incorporated herein by reference from Exhibit 1.1 of the Form 8-K, as filed with the Commission on November 27, 2013.)
10.14#	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.)
10.14(b)#***	Amendment No. 1 to Employment Agreement dated March 6, 2014 between Streamline Health Solutions, Inc. and Jack W. Kennedy Jr.
10.15	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.)
10.14	Registration Rights Agreement among Streamline Health Solutions, Inc., Interpoint Partners, LLC dated December 7, 2011. (Incorporated herein by reference from Exhibit 10.3 of the Form 8-K, as filed with the Commission on December 8, 2011.)
10.15	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.)
10.16	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.)
10.17	Amended and Restated Senior Credit Agreement dated as of December 13, 2013 by and between Streamline Health, Inc. and Fifth Third Bank. (Incorporated by reference from Exhibit 10.5 of the Form 10-Q, as filed with the Commission on December 16, 2013.)
10.18(a)***	Amendment No. 1 and Waiver under Amended and Restated Senior Credit Agreement dated as of April 15, 2014 by and between Streamline Health, Inc. and Fifth Third Bank
10.18	Subordinated Credit Agreement between Streamline Health, Inc. and Fifth Third Bank dated December 7, 2011. (Incorporated herein by reference from Exhibit 10.4 of the Form 8-K, as filed with the Commission on December 8, 2011.)
10.19(a)	Amendment No. 1 to Subordinated Credit Agreement, dated August 16, 2012, among Streamline Health, Inc., IPP Acquisition, LLC and Fifth Third Bank. (Incorporated herein by reference from Exhibit 10.2 of the Form 8-K, as filed with the Commission on August 21, 2012.)
10.19(b)	Amendment No. 3 to Subordinated Credit Agreement dated as of December 13, 2013 by and between Streamline Health, Inc. and Fifth Third Bank (Incorporated by reference from Exhibit 10.6 of the Form 10-Q, as filed with the Commission on December 16, 2013.)
10.2	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.)
10.21	Registration Rights Agreement, among Streamline Health Solutions, Inc, and each of the purchasers signatory thereto, dated August 16, 2012. (Incorporated herein by reference from Exhibit 10.7 of the Form 8-K, as filed with the Commission on August 21, 2012.)

10.22	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.)
10.23#***	Employment Agreement dated March 6, 2014 by and between Streamline Health Solutions, Inc. and Lois E. Rickard.
10.24#***	Employment Agreement dated February 3, 2014 by and between Streamline Health Solutions, Inc. and Randolph Salisbury.
14.1	Code of Ethics (Incorporated herein by reference from Exhibit 14.1 of the Form 10-K for the fiscal year ended January 31, 2004, as filed with the Commission on April 8, 2004.)
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, 2014 filed with the SEC on June 13, 2014, formatted in XBRL includes: (i) Consolidated Balance Sheets at January 31, 2014 and 2013, (ii) Consolidated Statements of Operations for the two years ended January 31, 2014, (iii) Consolidated Statements of Changes in Stockholders' Equity for the two years ended January 31, 2014, (iv) Consolidated Statements of Cash Flows for the two years ended January 31, 2014, and (v) the Notes to Consolidated Financial Statements.

** The Company has applied for Confidential Treatment of portions of this agreement with the Securities and Exchange Commission.
*** 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

Exhibit 10.9

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT (together with Exhibit A, the “Agreement”) is entered into as of February 20, 2014 (the “Effective Date”), by and between Streamline Health Solutions, Inc., a Delaware corporation with its headquarters in Atlanta, Georgia (the “Company”), and Richard Nelli (“Executive”).

RECITALS:

WHEREAS, Executive and the Company previously entered into an employment agreement (the “Original Agreement”), as amended from time to time, dated January 15, 2013 (the “Original Effective Date”);

WHEREAS, the parties desire to amend and restate such employment agreement on the terms and conditions set forth herein;

WHEREAS, the Company and Executive hereby agree that Executive will continue to serve as an officer of the Company pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

1. **EMPLOYMENT**

The Company hereby agrees to employ Executive, and Executive, in consideration of such employment and other consideration set forth herein, hereby accepts employment, upon the terms and conditions set forth herein.

2. **POSITION AND DUTIES**

During the Term (as defined in Section 10 of this Agreement), Executive will be employed as Senior Vice President & Chief Operating Officer of the Company and may also serve as an officer or director of affiliates of the Company for no additional compensation, as part of Executive’s services to the Company hereunder. While employed hereunder, Executive will do all things necessary, legal and incident to the above positions, and otherwise will perform such executive-level functions, as the Chief Executive Officer of the Company (the “CEO”), to whom Executive will report, or the Board of Directors of the Company (the “Board”) may establish from time to time.

3. **COMPENSATION AND BENEFITS**

Subject to such modifications as may be contemplated by Exhibit A and approved from time to time by the Board or the Compensation Committee of the Board (the “Committee”), and unless otherwise consented to by Executive, Executive will receive the compensation and benefits listed on the attached Exhibit A, which is incorporated herein and expressly made a part of this Agreement. Such compensation and benefits will be paid and provided by the Company in accordance with the Company’s regular payroll, compensation and benefits policies.

4. **EXPENSES**

The Company will pay or reimburse Executive for all travel and out-of-pocket expenses reasonably incurred or paid by Executive in connection with the performance of Executive’s duties as an employee of the Company upon compliance with the Company’s procedures for expense reimbursement, including the presentation of expense statements or receipts or such other supporting documentation as the Company may reasonably require. All expenses eligible for reimbursements in connection with the Executive’s employment with the Company must be incurred by Executive during the term of employment and must be in accordance with the Company’s expense reimbursement policies. The amount of reimbursable expenses incurred in one taxable year will not affect the expenses eligible for reimbursement in any other taxable year. Each category of reimbursement will be paid as soon as administratively practicable, but in no event will any such reimbursement be paid after the last day of Executive's taxable year following the taxable year in which the expense was incurred. No right to reimbursement is subject to liquidation or exchange for other benefits.

5. **BINDING AGREEMENT**

The Company warrants and represents to Executive that the Company, acting by the officer executing this Agreement on its behalf of the Company, has the full right and authority to enter into this Agreement and to perform all of its obligations hereunder.

6. **OUTSIDE EMPLOYMENT**

Executive will devote Executive's full time and attention to the performance of the duties incident to Executive's position with the Company, and will not have any other employment with any other enterprise or substantial responsibility for any enterprise which would be inconsistent with Executive's duty to devote Executive's full time and attention to Company matters; *provided, however,* that the foregoing will not prevent Executive from participation in any charitable or civic organization or, subject to CEO consent, which consent will not be unreasonably withheld, from service in a non-executive capacity on the boards of directors of up to two other companies that does not interfere with Executive's performance of the duties and responsibilities to be performed by Executive under this Agreement.

7. **CONFIDENTIAL INFORMATION AND TRADE SECRETS**

The Company is in the business of providing solutions, including comprehensive suites of health information solutions relating to enterprise content management, computer assisted coding, business analytics and integrated workflow systems, that help hospitals, physician groups and other healthcare organizations improve efficiencies and business processes across the enterprise to enhance and protect revenues, offering a flexible, customizable way to optimize the clinical and financial performance of any healthcare organization (the "Business").

For the purpose of this Agreement, "Confidential Information" will mean any written or unwritten information which relates to or is used in the Company's Business (including, without limitation, the Company's services, processes, patents, systems, equipment, creations, designs, formats, programming, discoveries, inventions, improvements, computer programs, data kept on computers, engineering, research, development, applications, financial information, information regarding services and products in development, market information, including test marketing or localized marketing, other information regarding processes or plans in development, trade secrets, training manuals, know-how of the Company, and the customers, clients, suppliers and others with whom the Company does or has in the past done, business (including any information about the identity of the Company's customers or suppliers and written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans or any other Confidential Information, which the Company deems confidential and proprietary and which is generally not known to others outside the Company and which gives or tends to give the Company a competitive advantage over persons who do not possess such information or the secrecy of which is otherwise of value to the Company in the conduct of its business — regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, reduced to practice, copyrightable or considered copyrightable, patentable or considered patentable; *provided, however,* that "Confidential Information" will not include general industry information or information which is publicly available or is otherwise in the public domain without breach of this Agreement, information which Executive has lawfully acquired from a source other than through his employment with the Company, or information which is required to be disclosed pursuant to any law, regulation or rule of any governmental body or authority or court order (in which event Executive will immediately notify the Company of such requirement or order so as to give the Company an opportunity to seek a protective order or other manner of protection prior to production or disclosure of the information). Executive acknowledges that Confidential Information is novel and proprietary to and of considerable value to the Company.

Confidential Information will also include confidential information of third parties, clients or prospective clients that has been provided to the Company or to Executive in conjunction with Executive's employment, which information the Company is obligated to treat as confidential. Confidential Information does not include information voluntarily disclosed to the public by the Company, except where such public disclosure has been made by the Executive without authorization from the Company, or which has been independently developed and disclosed by others, or which has otherwise entered the public domain through lawful means.

Executive acknowledges that all Confidential Information is the valuable, unique and special asset of the Company and that the Company owns the sole and exclusive right, title and interest in and to this Confidential Information.

(a) To the extent that the Confidential Information rises to the level of a trade secret under applicable law, then Executive will, during Executive's employment and for as long thereafter as the Confidential Information remains a trade secret (or for the maximum period of time otherwise allowed under applicable law) protect and maintain the confidentiality of these trade secrets and refrain from disclosing, copying or using the trade secrets without the Company's prior written consent, except as necessary in Executive's performance of Executive's duties while employed with the Company.

(b) To the extent that the Confidential Information defined above does not rise to the level of a trade secret under applicable law, Executive will not, during Executive's employment and thereafter for a period of two (2) years, disclose, or cause to be disclosed in any way, Confidential Information, or any part thereof, to any person, firm, corporation, association or any other operation or entity, or use the Confidential Information on Executive's own behalf, for any reason or purpose except as necessary in the performance of his duties while employed with the Company. Executive further agrees that, during Executive's employment and thereafter for a period of two (2) years, Executive will not distribute, or cause to be distributed, Confidential Information to any third person or permit the reproduction of Confidential Information, except on behalf of the Company in Executive's capacity as an employee of the Company. Executive will take all reasonable care to avoid unauthorized disclosure or use of the Confidential Information. Executive agrees that all restrictions contained in this Section 7 are reasonable and valid under the circumstances and hereby waives all defenses to the strict enforcement thereof by the Company.

Executive agrees that, upon the request of the Company, or in any event immediately upon termination of his employment for whatever reason, Executive will immediately deliver up to the Company or its designee all Confidential Information in Executive's possession or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies thereof, relating to or containing Confidential Information. Executive does not have, nor can Executive acquire, any property or other rights in Confidential Information.

8. **PROPERTY OF THE COMPANY**

All ideas, inventions, discoveries, proprietary information, know-how, processes and other developments and, more specifically, improvements to existing inventions, conceived by Executive, alone or with others, during the term of Executive's employment with the Company, whether or not during working hours and whether or not while working on a specific project, that are within the scope of the Company's Business operations or that relate to any work or projects of the Company, are and will remain the exclusive property of the Company. Inventions, improvements and discoveries relating to the Business of the Company conceived or made by Executive, either alone or with others, while employed with the Company are conclusively and irrefutably presumed to have been made during the period of employment and are the sole property of the Company. The Executive will promptly disclose in writing any such matters to the Company but to no other person without the consent of the Company. Executive hereby assigns and agrees to assign all right, title and interest in and to such matters to the Company. Executive will, upon request of the Company, execute such assignments or other instruments and assist the Company in the obtaining, at the Company's sole expense, of any patents, trademarks or similar protection, if available, in the name of the Company.

9. **PROTECTIVE COVENANTS**

(a) Non-Solicitation of Customers or Clients. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive agrees not to solicit, directly or by assisting others, any business from any of the Company's customers or clients, including actively sought prospective customers or clients, with whom Executive has had material contact during Executive's employment with the Company, for the purpose of providing products or services that are competitive with those provided by the Company. As used in this paragraph, "material contact" means the contact between Executive and each customer, client or vendor, or potential customer, client or vendor (i) with whom or which Executive dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by Executive, (iii) about whom Executive obtained confidential information in the ordinary course of business as a result of Executive's association with the Company, or (iv) who receives products or services authorized by the Company, the sale or provision of which products or services results or resulted in compensation, commissions or earnings for Executive within two years prior to the date of the employee's termination.

(b) Non-Piracy of Employees. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive covenants and agrees that Executive will not, directly or indirectly, within the Territory, as defined below: (i) solicit, recruit or hire (or attempt to solicit, recruit or hire) or otherwise assist anyone in soliciting, recruiting or hiring, any employee or independent contractor of the Company who performed work for the Company within the last year of Executive's employment with the Company, or (ii) otherwise encourage, solicit or support any such employee or independent contractor to leave his or her employment or engagement with the Company.

(c) Non-Compete. During Executive's employment with the Company and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, and provided that the Company is not in default of its obligations specified in Sections 11 and 13 hereof, Executive agrees not to, directly or indirectly, compete with the Company, as an officer, director, member, principal, partner, shareholder, owner, manager, supervisor, administrator, employee, consultant or independent contractor, by working for a competitor to, or engaging in competition with, the Business, in the Territory, in a capacity in which Executive performs duties and responsibilities that are the same as or similar to the duties performed by Executive while employed by the Company, provided that the foregoing will not prohibit Executive from owning not more than 5% of the outstanding stock of a corporation subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The "Territory" will be defined to be that geographic area comprised of the following states in the United States of America, the District of Columbia and the Canadian provinces of Quebec and Alberta:

Alabama	Indiana	Nebraska	South Carolina
Alaska	Iowa	Nevada	South Dakota
Arizona	Kansas	New Hampshire	Tennessee
Arkansas	Kentucky	New Jersey	Texas
California	Louisiana	New Mexico	Utah
Colorado	Maine	New York	Vermont
Connecticut	Maryland	North Carolina	Virginia
Delaware	Massachusetts	North Dakota	Washington
Florida	Michigan	Ohio	West Virginia
Georgia	Minnesota	Oklahoma	Wisconsin
Hawaii	Mississippi	Oregon	Wyoming
Idaho	Missouri	Pennsylvania	
Illinois	Montana	Rhode Island	

; provided, however, that the Territory described herein is a good faith estimate of the geographic area that is now applicable as the area in which the Company does or will do business during the term of Executive's employment, and the Company and Executive agree that this non-compete covenant will ultimately be construed to cover only so much of such Territory as relates to the geographic areas in which the Company does business within the two-year period preceding termination of Executive's employment.

10. **TERM**

Unless earlier terminated pursuant to Section 11 herein, the term of this Agreement will be for a period beginning on the start date specified in Exhibit A and ending on February 20, 2015 (the "Initial Term"). Upon expiration of the Initial Term, this Agreement will automatically renew in successive one-year periods (each a "Renewal Period"), unless Executive or the Company notifies the other party at least 60 days prior to the end of the Initial Term or the applicable Renewal Period that this Agreement will not be renewed. The Initial Term, and, if this Agreement is renewed in accordance with this Section 10, each Renewal Period, will be included in the definition of "Term" for purposes of this Agreement. Unless waived in writing by the Company, the requirements of Section 7 (Confidential Information and Trade Secrets), Section 8 (Property of the Company) and Section 9 (Protective Covenants) will survive the expiration or termination of this Agreement or Executive's employment for any reason.

11. **TERMINATION**

(a) Death. This Agreement and Executive's employment hereunder will be terminated on the death of Executive, effective as of the date of Executive's death. In such event, the Company will pay to the estate of Executive the sum of (i) accrued but unpaid base salary earned prior to Executive's death (to be paid in accordance with normal practices of the Company) and (ii) expenses incurred by Executive prior to his death for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(b) Continued Disability. This Agreement and Executive's employment hereunder may be terminated, at the option of the Company, upon a Continued Disability (as defined herein) of Executive. For the purposes of this Agreement, and unless otherwise required under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), "Continued Disability" will be defined as the inability or incapacity (either mental or physical) of Executive to continue to perform Executive's duties hereunder for a continuous period of one hundred twenty (120) working days, or if, during any calendar year of the Term hereof because of disability, Executive will have been unable to perform Executive's duties hereunder for a total period of one hundred eighty (180) working days regardless of whether or not such days are consecutive. The determination as to whether Executive is unable to perform the essential functions of Executive's job will be made by the Board or the Committee in its reasonable discretion; *provided, however,* that if Executive is not satisfied with the decision of the Board or the Committee, Executive will submit to examination by three competent physicians who practice in the metropolitan area in which the Company maintains its principal executive office, one of whom will be selected by the Company, another of whom will be selected by Executive, with the third to be selected by the physicians so selected. The determination of a majority of the physicians so selected will supersede the determination of the Board or the Committee and will be final and conclusive. In the event of the termination of Executive's employment due to Continued Disability, the Company will pay to Executive the sum of (i) accrued but unpaid base salary earned prior to the date of the Executive's termination of employment due to Continued Disability (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to his termination of employment for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(c) Termination by the Company for Good Cause, by Executive Other Than for Good Reason, or upon Non-Renewal of the Term by Executive. Notwithstanding any other provision of this Agreement, the Company may at any time terminate this Agreement and Executive's employment hereunder for Good Cause, Executive may at any time terminate his employment other than for Good Reason (as defined in Section 11(d) herein), or Executive may notify the Company that he will not renew the Term. For this purpose, "Good Cause" will include the following: the current use of illegal drugs; conviction of any crime which involves moral turpitude, fraud or misrepresentation; commission of any act which would constitute a felony and which adversely impacts the business or reputation of the Company; fraud; misappropriation or embezzlement of Company funds or property; willful misconduct or grossly negligent or reckless conduct which is materially injurious to the reputation, business or business relationships of the Company; material violation or default on any of the provisions of this Agreement; or material and continuous failure to meet reasonable performance criteria or reasonable standards of conduct as established from time to time by the Board, which failure continues for at least 30 days after written notice from the Company to Executive. Any alleged termination by the Company for Good Cause will be delivered in writing to Executive stating the full basis for such cause along with any notice of such termination. If the employment of Executive is terminated by the Company for Good Cause, if Executive terminates employment for any reason other than for Good Reason (including, but not limited to, resignation), or if Executive notifies the Company he will not renew the Term, then, the Company will pay to Executive the sum of (i) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(d) Termination by the Company without Good Cause or by Executive for Good Reason. The Company may terminate this Agreement and Executive's employment at any time, including for reasons other than Good Cause (as "Good Cause" is defined in Section 11(c) above), Executive may terminate his employment at any time, including for Good Reason, or the Company may elect not to renew the Term. For the purposes herein, "Good Reason" will mean (i) a material diminution of Executive's base salary; (ii) a material diminution in Executive's authority, duties, or responsibilities; (iii) a material change in geographic location at which the Executive must perform services, from Metropolitan Atlanta, Georgia; or (iv) any other action or inaction that constitutes a material breach of the terms of this Agreement; provided that Executive's termination will not be treated as a resignation for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company's receipt of such notice. In the event that (i) the Company terminates the employment of Executive during the Term for reasons other than for Good Cause, death or Continued Disability or (ii) Executive terminates employment for Good Reason, then the Company will pay Executive the sum of (A) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), (B) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and (C) provided that Executive is not in default of his obligations under Section 7, 8, or 9 herein, an amount equal to (x) six months' base salary or (y) if such termination occurs in the Initial Term, the amount of base salary for the period commencing on the effective date of termination and ending on the last day of said term, whichever is greater ((A) through (C), being hereinafter referred to, collectively, as the "Separation Benefits"). In such event, the payments described in (C) in the preceding sentence will be made following Executive's execution (and non-revocation) of a form of general release of claims as is acceptable to the Board or the Committee if the general release form is provided to the Executive within one month of the Executive's date of termination, in accordance with the normal payroll practices of the Company; provided that the portion of the severance payment described in clause (C) above that exceeds the "separation pay limit," if any, will be paid to the Executive in a lump sum payment within thirty (30) days following the date of Executive's termination of employment (or such earlier date following the date of Executive's termination of employment, if any, as may be required under applicable wage payment laws), but in no event later than the fifteenth (15th) day of the third (3rd) month following the Executive's date of termination. The "separation pay limit" will mean two (2) times the lesser of: (1) the sum of Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the calendar year immediately preceding the calendar year in which Executive's date of termination of employment occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if Executive had not terminated employment); and (2) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under Code Section 401(a)(17) for the year in which his termination of employment occurs. The lump-sum payment to be made to Executive pursuant to this Section 4(a)(ii) is intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(4) for short-term deferrals. The remaining portion of the severance payment described in clause (C) above will be paid in periodic installments over the 15-month period commencing on the first post-termination payroll date following expiration of the revocation period described above and will be paid in accordance with the normal payroll practices of the Company. Notwithstanding the foregoing, in no event will such remaining portion of the severance payment described in clause (C) above be paid to Executive later than December 31 of the second calendar year following the calendar year in which Executive's date of termination of employment occurs. The payments to be made to Executive pursuant to the immediately preceding sentence are intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(9)(iii) for separation pay plans (*i.e.*, the so-called "two times" pay exemption). For the sake of clarity, no election by the Company not to renew the Term will trigger any rights to severance or other benefits.

12. ADVICE TO PROSPECTIVE EMPLOYERS

If Executive seeks or is offered employment by any other company, firm or person during his employment or during the post-termination restricted periods, he will notify the prospective employer of the existence and terms of the non-competition and confidentiality agreements set forth in Sections 7 and 9 of this Agreement. Executive may disclose the language of Sections 7 and 9, but may not disclose the remainder of this Agreement.

13. CHANGE IN CONTROL

(a) In the event of a Change in Control (as defined herein) of the Company, (i) all stock options, restricted stock, and all other equity awards granted to Executive prior to the Change in Control will immediately vest in full, (ii) if, within 90 days prior to a Change of Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability, or Executive terminates employment for Good Reason, then, the Company will provide the Separation Benefits, and all other stock options, restricted stock, and other equity awards granted to Executive will immediately vest in full as of the date of termination and will remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive's termination of employment, and (iii) if, within 12 months following a Change in Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability or Executive terminates employment for Good Reason, then (a) the Company will provide the Separation Benefits, and (b) all stock options, restricted stock, and other equity awards granted to Executive will immediately vest in full as of the date of termination and will remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive's termination of employment. In the event Executive seeks to terminate his employment for Good Reason, such termination will not be treated for purposes of this Section 13 as a termination for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company's receipt of such notice.

(b) For purposes of this Agreement, "Change in Control" means any of the following events:

(i) A change in control of the direction and administration of the Company's business of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act, as in effect on the date hereof and any successor provision of the regulations under the Exchange Act, whether or not the Company is then subject to such reporting requirements; or

(ii) Any "person" (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act but excluding any employee benefit plan of the Company) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than one half of the combined voting power of the Company's outstanding securities then entitled to vote for the election of directors; or

(iii) The Company sells all or substantially all of the assets of the Company; or

(iv) The consummation of a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the Company's 2013 Stock Incentive Plan or other successor stock plan or results in the occurrence of any event described in Sections 13(b) (i), (ii) or (iii) above.

(c) Notwithstanding anything to the contrary contained in this Agreement, in the event any amounts payable hereunder would be considered to be excess parachute payments for purposes of the amount payable following the occurrence of a Change of Control that is treated as a "change in the ownership or effective control" of the Company or "in the ownership of a substantial portion of the assets" of the Company for purposes of Code Sections 280G and 4999, those payments that are treated for purposes of Code Section 280G as being contingent on a "change in the ownership or effective control" (as that phrase is used for purposes of Code Section 280G) of the Company will be reduced, if and to the extent necessary, so that no payments under this Agreement are treated as excess parachute payments.

14. **ACKNOWLEDGEMENTS**

The Company and Executive each hereby acknowledge and agree as follows:

(a) The covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration, and, with respect to the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 and 9 hereof, are reasonable in duration, the activities proscribed, and geographic scope;

(b) In the event of a breach or threatened breach by Executive of any of the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 or 9 hereof, monetary damages or the other remedies at law that may be available to the Company for such breach or threatened breach will be inadequate and, without prejudice to the Company's right to pursue any other remedies at law or in equity available to it for such breach or threatened breach, including, without limitation, the recovery of damages from Executive, the Company will be entitled to injunctive relief from a court of competent jurisdiction or the arbitrator; and

(c) The time period, proscribed activities, and geographical area set forth in Section 9 hereof are each divisible and separable, and, in the event that the covenants not to compete contained therein are judicially held invalid or unenforceable as to such time period, scope of activities, or geographical area, they will be valid and enforceable to such extent and in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. Executive agrees that in the event any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with the Company in requesting that court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, any period of restriction or covenant herein stated will not include any period of violation or period of time required for litigation to enforce such restriction or covenant.

15. **NOTICES**

Any notice or communication required or permitted hereunder will be given in writing and will be sufficiently given if delivered personally or sent by telecopy to such party addressed as follows:

(a) In the case of the Company, if addressed to it as follows:

Streamline Health Solutions, Inc.
1230 Peachtree Street NE
Suite 1000
Atlanta, Georgia 30309
Attn: Chief Executive Officer

Telecopy: (404) 446-0059

(b) In the case of Executive, if addressed to Executive at the most recent address on file with the Company.

Any such notice delivered personally or by telecopy will be deemed to have been received on the date of such delivery. Any address for the giving of notice hereunder may be changed by notice in writing.

16. **ASSIGNMENT, SUCCESSORS AND ASSIGNS**

This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. The Company may assign or otherwise transfer its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), but this Agreement may not be assigned, nor may his duties hereunder be delegated, by Executive. In the event that the Company assigns or otherwise transfers its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), for all purposes of this Agreement, the “Company” will then be deemed to include the successor or affiliated business or corporation to which the Company, assigned or otherwise transferred its rights hereunder.

17. **MODIFICATION**

This Agreement may not be released, discharged, abandoned, changed or modified in any manner, except by an instrument in writing signed by each of the parties hereto.

18. **SEVERABILITY**

The invalidity or unenforceability of any particular provision of this Agreement will not affect any other provisions hereof, and the parties will use their best efforts to substitute a valid, legal and enforceable provision, which, insofar as practical, implements the purpose of this Agreement. If the parties are unable to reach such agreement, then the provisions will be modified as set forth in Section 14(c) above. Any failure to enforce any provision of this Agreement will not constitute a waiver thereof or of any other provision hereof.

19. **COUNTERPARTS**

This Agreement may be signed in counterparts (and delivered via facsimile transmission or by digitally scanned signature delivered electronically), and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument.

20. **ENTIRE AGREEMENT**

This constitutes the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to such subject matter.

21. **DISPUTE RESOLUTION**

Except as set forth in Section 14 above, any and all disputes arising out of or in connection with the execution, interpretation, performance or non-performance of this Agreement or any agreement or other instrument between, involving or affecting the parties (including the validity, scope and enforceability of this arbitration clause), will be submitted to and resolved by arbitration. The arbitration will be conducted pursuant to the terms of the Federal Arbitration Act and the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association. Either party may notify the other party at any time of the existence of a controversy potentially requiring arbitration by certified mail, and the parties will attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such notice. If the dispute cannot be resolved within the fifteen-day period, either party may file a written demand for arbitration with the American Arbitration Association. The place of arbitration will be Atlanta, Georgia.

/s/ RN	/s/ REW
Initialed by Executive	Initialed by the Company

22. **GOVERNING LAW; FORUM SELECTION**

The provisions of this Agreement will be governed by and interpreted in accordance with the internal laws of the State of Georgia and the laws of the United States applicable therein. Executive acknowledges and agrees that Executive is subject to personal jurisdiction in state and federal courts in Fulton County, Georgia, and waives any objection thereto.

23. **CODE SECTION 409A**

Notwithstanding any other provision in this Agreement to the contrary, if and to the extent that Code Section 409A is deemed to apply to any benefit under this Agreement, it is the general intention of the Company that such benefits will, to the extent practicable, comply with, or be exempt from, Code Section 409A, and this Agreement will, to the extent practicable, be construed in accordance therewith. Deferrals of benefits distributable pursuant to this Agreement that are otherwise exempt from Code Section 409A in a manner that would cause Code Section 409A to apply will not be permitted unless such deferrals are in compliance with Code Section 409A. In the event that the Company (or a successor thereto) has any stock which is publicly traded on an established securities market or otherwise and Executive is determined to be a "specified employee" (as defined under Code Section 409A), any payment that is deemed to be deferred compensation under Code Section 409A to be made to the Executive upon a separation from service may not be made before the date that is six months after Executive's separation from service (or death, if earlier). To the extent that Executive becomes subject to the six-month delay rule, all payments that would have been made to Executive during the six months following his separation from service that are not otherwise exempt from Code Section 409A, if any, will be accumulated and paid to Executive during the seventh month following his separation from service, and any remaining payments due will be made in their ordinary course as described in this Agreement. For the purposes herein, the phrase "termination of employment" or similar phrases will be interpreted in accordance with the term "separation from service" as defined under Code Section 409A if and to the extent required under Code Section 409A. Further, (i) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in this Agreement, then such terms, provisions and conditions will, to the extent practicable, be deemed to be made a part of this Agreement, and (ii) terms used in this Agreement will be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that this Agreement or any benefit thereunder will be deemed not to comply with Code Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents will be liable to any participant or other person for actions, decisions or determinations made in good faith.

24. **WITHHOLDING**.

The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as will be required to be withheld pursuant to any applicable law or regulation.

[Signature page follows.]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto effective as of the date first above written.

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Robert E. Watson
Robert E. Watson
President and Chief Executive Officer

EXECUTIVE

/s/ Richard Nelli
Richard Nelli

EXHIBIT A TO EMPLOYMENT AGREEMENT (“AGREEMENT”) DATED AS OF FEBRUARY 20, 2014, BETWEEN STREAMLINE HEALTH SOLUTIONS, INC. AND RICHARD NELLI — COMPENSATION AND BENEFITS[1]

1. Start Date. Executive’s start date was the Original Effective Date.

2. Base Salary. From and after the Effective Date, Base Salary will be paid at an annualized rate of $235,000, which will be subject to annual review and adjustment by the Committee or the Board but will not be reduced below $235,000. Such amounts will be payable to Executive in accordance with the normal payroll practices of the Company.

3. Annual Bonus. Target annual bonus and target goals will be set by the Committee annually. Target annual bonus will be 45% of Executive’s then-current annual base salary. The annual bonus will be paid pursuant to such conditions as are established by the Committee and, to the extent payable under a bonus plan, subject to such terms and conditions as may be set out in such plan. The annual bonus will, if payable, be paid in cash no later than March 14 of the fiscal year following the fiscal year during which Executive’s right to the annual bonus vests. For the portion of the fiscal year from the Effective Date until January 31, 2015, Executive will receive a pro-rated annual bonus for such portion of the fiscal year. For the portion of the fiscal year from February 1, 2014 until the Effective Date, Executive will receive a pro-rated annual bonus at the rate set forth in the Original Agreement for such portion of the fiscal year.

4. Benefits. Executive will be eligible to participate in the Company’s benefit plans on the same terms and conditions as provided for other Company executives, subject to all terms and conditions of such plans as they may be amended from time to time, and will accrue paid time off totaling 20 days per annum.

5. Grant of Stock Options. On January 28, 2013, Executive was granted stock options to purchase an aggregate of stock options for 150,000 shares of common stock of the Company, with an option exercise price equal to the closing price on the date of grant of such stock as reported by NASDAQ CM. The options granted shall continue to vest according to the terms set forth in the applicable grant agreement. On the Effective Date, Executive will receive an additional grant of stock options for 50,000 shares of common stock of the Company, with an option exercise price equal to the closing price on the date of grant of such stock as reported by NASDAQ CM. Such options will have a 10-year term, will vest monthly in 36 equal installments commencing on the first month after the grant date (such vesting to be subject to the continued employment of Executive) and will be subject to such other terms and conditions as apply under the Company’s 2013 Stock Incentive Plan or other applicable stock plan and the related option agreement.

[1] Terms not defined herein have the meanings given to such terms in the Agreement.

Exhibit 10.23

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (together with Exhibit A, the “Agreement”) is entered into as of March 6, 2014, by and between Streamline Health Solutions, Inc., a Delaware corporation with its headquarters in Atlanta, Georgia (the “Company”), and Lois Rickard (“Executive”).

RECITALS:

WHEREAS, the Company and Executive hereby agree that Executive will serve as an officer of the Company pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

1. **EMPLOYMENT**

The Company hereby agrees to employ Executive, and Executive, in consideration of such employment and other consideration set forth herein, hereby accepts employment, upon the terms and conditions set forth herein.

2. **POSITION AND DUTIES**

During the Term (as defined in Section 10 of this Agreement), Executive will be employed as Senior Vice President and Chief People Officer of the Company and may also serve as an officer or director of affiliates of the Company for no additional compensation, as part of Executive’s services to the Company hereunder. While employed hereunder, Executive will do all things necessary, legal and incident to the above positions, and otherwise will perform such executive-level functions, as the Chief Executive Officer of the Company (the “CEO”), to whom Executive will report, or the Board of Directors of the Company (the “Board”) may establish from time to time.

3. **COMPENSATION AND BENEFITS**

Subject to such modifications as may be contemplated by Exhibit A and approved from time to time by the Board or the Compensation Committee of the Board (the “Committee”), and unless otherwise consented to by Executive, Executive will receive the compensation and benefits listed on the attached Exhibit A, which is incorporated herein and expressly made a part of this Agreement. Such compensation and benefits will be paid and provided by the Company in accordance with the Company’s regular payroll, compensation and benefits policies.

4. **EXPENSES**

The Company will pay or reimburse Executive for all travel and out-of-pocket expenses reasonably incurred or paid by Executive in connection with the performance of Executive’s duties as an employee of the Company upon compliance with the Company’s procedures for expense reimbursement, including the presentation of expense statements or receipts or such other supporting documentation as the Company may reasonably require. All expenses eligible for reimbursements in connection with the Executive’s employment with the Company must be incurred by Executive during the term of employment and must be in accordance with the Company’s expense reimbursement policies. The amount of reimbursable expenses incurred in one taxable year will not affect the expenses eligible for reimbursement in any other taxable year. Each category of reimbursement will be paid as soon as administratively practicable, but in no event will any such reimbursement be paid after the last day of Executive’s taxable year following the taxable year in which the expense was incurred. No right to reimbursement is subject to liquidation or exchange for other benefits.

5. **BINDING AGREEMENT**

The Company warrants and represents to Executive that the Company, acting by the officer executing this Agreement on its behalf of the Company, has the full right and authority to enter into this Agreement and to perform all of its obligations hereunder.

6. **OUTSIDE EMPLOYMENT**

Executive will devote Executive's full time and attention to the performance of the duties incident to Executive's position with the Company, and will not have any other employment with any other enterprise or substantial responsibility for any enterprise which would be inconsistent with Executive's duty to devote Executive's full time and attention to Company matters; *provided, however,* that the foregoing will not prevent Executive from participation in any charitable or civic organization or, subject to CEO consent, which consent will not be unreasonably withheld, from service in a non-executive capacity on the boards of directors of up to two other companies that does not interfere with Executive's performance of the duties and responsibilities to be performed by Executive under this Agreement.

7. **CONFIDENTIAL INFORMATION AND TRADE SECRETS**

The Company is in the business of providing solutions, including comprehensive suites of health information solutions relating to enterprise content management, computer assisted coding, business analytics and integrated workflow systems, that help hospitals, physician groups and other healthcare organizations improve efficiencies and business processes across the enterprise to enhance and protect revenues, offering a flexible, customizable way to optimize the clinical and financial performance of any healthcare organization (the "Business").

For the purpose of this Agreement, "Confidential Information" will mean any written or unwritten information which relates to or is used in the Company's Business (including, without limitation, the Company's services, processes, patents, systems, equipment, creations, designs, formats, programming, discoveries, inventions, improvements, computer programs, data kept on computers, engineering, research, development, applications, financial information, information regarding services and products in development, market information, including test marketing or localized marketing, other information regarding processes or plans in development, trade secrets, training manuals, know-how of the Company, and the customers, clients, suppliers and others with whom the Company does or has in the past done, business (including any information about the identity of the Company's customers or suppliers and written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans or any other Confidential Information, which the Company deems confidential and proprietary and which is generally not known to others outside the Company and which gives or tends to give the Company a competitive advantage over persons who do not possess such information or the secrecy of which is otherwise of value to the Company in the conduct of its business — regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, reduced to practice, copyrightable or considered copyrightable, patentable or considered patentable; *provided, however,* that "Confidential Information" will not include general industry information or information which is publicly available or is otherwise in the public domain without breach of this Agreement, information which Executive has lawfully acquired from a source other than through her employment with the Company, or information which is required to be disclosed pursuant to any law, regulation or rule of any governmental body or authority or court order (in which event Executive will immediately notify the Company of such requirement or order so as to give the Company an opportunity to seek a protective order or other manner of protection prior to production or disclosure of the information). Executive acknowledges that Confidential Information is novel and proprietary to and of considerable value to the Company.

Confidential Information will also include confidential information of third parties, clients or prospective clients that has been provided to the Company or to Executive in conjunction with Executive's employment, which information the Company is obligated to treat as confidential. Confidential Information does not include information voluntarily disclosed to the public by the Company, except where such public disclosure has been made by the Executive without authorization from the Company, or which has been independently developed and disclosed by others, or which has otherwise entered the public domain through lawful means.

Executive acknowledges that all Confidential Information is the valuable, unique and special asset of the Company and that the Company owns the sole and exclusive right, title and interest in and to this Confidential Information.

(a) To the extent that the Confidential Information rises to the level of a trade secret under applicable law, then Executive will, during Executive's employment and for as long thereafter as the Confidential Information remains a trade secret (or for the maximum period of time otherwise allowed under applicable law) protect and maintain the confidentiality of these trade secrets and refrain from disclosing, copying or using the trade secrets without the Company's prior written consent, except as necessary in Executive's performance of Executive's duties while employed with the Company.

(b) To the extent that the Confidential Information defined above does not rise to the level of a trade secret under applicable law, Executive will not, during Executive's employment and thereafter for a period of two (2) years, disclose, or cause to be disclosed in any way, Confidential Information, or any part thereof, to any person, firm, corporation, association or any other operation or entity, or use the Confidential Information on Executive's own behalf, for any reason or purpose except as necessary in the performance of her duties while employed with the Company. Executive further agrees that, during Executive's employment and thereafter for a period of two (2) years, Executive will not distribute, or cause to be distributed, Confidential Information to any third person or permit the reproduction of Confidential Information, except on behalf of the Company in Executive's capacity as an employee of the Company. Executive will take all reasonable care to avoid unauthorized disclosure or use of the Confidential Information. Executive agrees that all restrictions contained in this Section 7 are reasonable and valid under the circumstances and hereby waives all defenses to the strict enforcement thereof by the Company.

Executive agrees that, upon the request of the Company, or in any event immediately upon termination of her employment for whatever reason, Executive will immediately deliver up to the Company or its designee all Confidential Information in Executive's possession or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies thereof, relating to or containing Confidential Information. Executive does not have, nor can Executive acquire, any property or other rights in Confidential Information.

8. **PROPERTY OF THE COMPANY**

All ideas, inventions, discoveries, proprietary information, know-how, processes and other developments and, more specifically, improvements to existing inventions, conceived by Executive, alone or with others, during the term of Executive's employment with the Company, whether or not during working hours and whether or not while working on a specific project, that are within the scope of the Company's Business operations or that relate to any work or projects of the Company, are and will remain the exclusive property of the Company. Inventions, improvements and discoveries relating to the Business of the Company conceived or made by Executive, either alone or with others, while employed with the Company are conclusively and irrefutably presumed to have been made during the period of employment and are the sole property of the Company. The Executive will promptly disclose in writing any such matters to the Company but to no other person without the consent of the Company. Executive hereby assigns and agrees to assign all right, title and interest in and to such matters to the Company. Executive will, upon request of the Company, execute such assignments or other instruments and assist the Company in the obtaining, at the Company's sole expense, of any patents, trademarks or similar protection, if available, in the name of the Company.

9. **PROTECTIVE COVENANTS**

(a) Non-Solicitation of Customers or Clients. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive agrees not to solicit, directly or by assisting others, any business from any of the Company's customers or clients, including actively sought prospective customers or clients, with whom Executive has had material contact during Executive's employment with the Company, for the purpose of providing products or services that are competitive with those provided by the Company. As used in this paragraph, "material contact" means the contact between Executive and each customer, client or vendor, or potential customer, client or vendor (i) with whom or which Executive dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by Executive, (iii) about whom Executive obtained confidential information in the ordinary course of business as a result of Executive's association with the Company, or (iv) who receives products or services authorized by the Company, the sale or provision of which products or services results or resulted in compensation, commissions or earnings for Executive within two years prior to the date of the employee's termination.

(b) Non-Piracy of Employees. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive covenants and agrees that Executive will not, directly or indirectly, within the Territory, as defined below: (i) solicit, recruit or hire (or attempt to solicit, recruit or hire) or otherwise assist anyone in soliciting, recruiting or hiring, any employee or independent contractor of the Company who performed work for the Company within the last year of Executive's employment with the Company, or (ii) otherwise encourage, solicit or support any such employee or independent contractor to leave his or her employment or engagement with the Company.

(c) Non-Compete. During Executive's employment with the Company and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, and provided that the Company is not in default of its obligations specified in Sections 11 and 13 hereof, Executive agrees not to, directly or indirectly, compete with the Company, as an officer, director, member, principal, partner, shareholder, owner, manager, supervisor, administrator, employee, consultant or independent contractor, by working for a competitor to, or engaging in competition with, the Business, in the Territory, in a capacity in which Executive performs duties and responsibilities that are the same as or similar to the duties performed by Executive while employed by the Company, provided that the foregoing will not prohibit Executive from owning not more than 5% of the outstanding stock of a corporation subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The "Territory" will be defined to be that geographic area comprised of the following states in the United States of America, the District of Columbia and the Canadian provinces of Quebec and Alberta:

Alabama	Indiana	Nebraska	South Carolina
Alaska	Iowa	Nevada	South Dakota
Arizona	Kansas	New Hampshire	Tennessee
Arkansas	Kentucky	New Jersey	Texas
California	Louisiana	New Mexico	Utah
Colorado	Maine	New York	Vermont
Connecticut	Maryland	North Carolina	Virginia
Delaware	Massachusetts	North Dakota	Washington
Florida	Michigan	Ohio	West
Georgia	Minnesota	Oklahoma	Virginia
Hawaii	Mississippi	Oregon	Wisconsin
Idaho	Missouri	Pennsylvania	Wyoming
Illinois	Montana	Rhode Island	

; provided, however, that the Territory described herein is a good faith estimate of the geographic area that is now applicable as the area in which the Company does or will do business during the term of Executive's employment, and the Company and Executive agree that this non-compete covenant will ultimately be construed to cover only so much of such Territory as relates to the geographic areas in which the Company does business within the two-year period preceding termination of Executive's employment.

10. **TERM**

Unless earlier terminated pursuant to Section 11 herein, the term of this Agreement will be for a period beginning on the start date specified in Exhibit A and ending on March 6, 2015 (the "Initial Term"). Upon expiration of the Initial Term, this Agreement will automatically renew in successive one- year periods (each a "Renewal Period"), unless Executive or the Company notifies the other party at least 60 days prior to the end of the Initial Term or the applicable Renewal Period that this Agreement will not be renewed. The Initial Term, and, if this Agreement is renewed in accordance with this Section 10, each Renewal Period, will be included in the definition of "Term" for purposes of this Agreement. Unless waived in writing by the Company, the requirements of Section 7 (Confidential Information and Trade Secrets), Section 8 (Property of the Company) and Section 9 (Protective Covenants) will survive the expiration or termination of this Agreement or Executive's employment for any reason.

11. **TERMINATION**

(a) Death. This Agreement and Executive's employment hereunder will be terminated on the death of Executive, effective as of the date of Executive's death. In such event, the Company will pay to the estate of Executive the sum of (i) accrued but unpaid base salary earned prior to Executive's death (to be paid in accordance with normal practices of the Company) and (ii) expenses incurred by Executive prior to her death for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(b) Continued Disability. This Agreement and Executive's employment hereunder may be terminated, at the option of the Company, upon a Continued Disability (as defined herein) of Executive. For the purposes of this Agreement, and unless otherwise required under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), "Continued Disability" will be defined as the inability or incapacity (either mental or physical) of Executive to continue to perform Executive's duties hereunder for a continuous period of one hundred twenty (120) working days, or if, during any calendar year of the Term hereof because of disability, Executive will have been unable to perform Executive's duties hereunder for a total period of one hundred eighty (180) working days regardless of whether or not such days are consecutive. The determination as to whether Executive is unable to perform the essential functions of Executive's job will be made by the Board or the Committee in its reasonable discretion; *provided, however,* that if Executive is not satisfied with the decision of the Board or the Committee, Executive will submit to examination by three competent physicians who practice in the metropolitan area in which the Company maintains its principal executive office, one of whom will be selected by the Company, another of whom will be selected by Executive, with the third to be selected by the physicians so selected. The determination of a majority of the physicians so selected will supersede the determination of the Board or the Committee and will be final and conclusive. In the event of the termination of Executive's employment due to Continued Disability, the Company will pay to Executive the sum of (i) accrued but unpaid base salary earned prior to the date of the Executive's termination of employment due to Continued Disability (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to her termination of employment for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(c) Termination by the Company for Good Cause, by Executive Other Than for Good Reason, or upon Non-Renewal of the Term by Executive. Notwithstanding any other provision of this Agreement, the Company may at any time terminate this Agreement and Executive's employment hereunder for Good Cause, Executive may at any time terminate her employment other than for Good Reason (as defined in Section 11(d) herein), or Executive may notify the Company that she will not renew the Term. For this purpose, "Good Cause" will include the following: the current use of illegal drugs; conviction of any crime which involves moral turpitude, fraud or misrepresentation; commission of any act which would constitute a felony and which adversely impacts the business or reputation of the Company; fraud; misappropriation or embezzlement of Company funds or property; willful misconduct or grossly negligent or reckless conduct which is materially injurious to the reputation, business or business relationships of the Company; material violation or default on any of the provisions of this Agreement; or material and continuous failure to meet reasonable performance criteria or reasonable standards of conduct as established from time to time by the Board, which failure continues for at least 30 days after written notice from the Company to Executive. Any alleged termination by the Company for Good Cause will be delivered in writing to

Executive stating the full basis for such cause along with any notice of such termination. If the employment of Executive is terminated by the Company for Good Cause, if Executive terminates employment for any reason other than for Good Reason (including, but not limited to, resignation), or if Executive notifies the Company she will not renew the Term, then, the Company will pay to Executive the sum of (i) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to her termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post- termination benefits.

(d) Termination by the Company without Good Cause or by Executive for Good Reason. The Company may terminate this Agreement and Executive's employment at any time, including for reasons other than Good Cause (as "Good Cause" is defined in Section 11(c) above), Executive may terminate her employment at any time, including for Good Reason, or the Company may elect not to renew the Term. For the purposes herein, "Good Reason" will mean (i) a material diminution of Executive's base salary; (ii) a material diminution in Executive's authority, duties, or responsibilities; (iii) a material change in geographic location at which the Executive must perform services, from Metropolitan Atlanta, Georgia; or (iv) any other action or inaction that constitutes a material breach of the terms of this Agreement; provided that Executive's termination will not be treated as a resignation for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company's receipt of such notice. In the event that (i) the Company terminates the employment of Executive during the Term for reasons other than for Good Cause, death or Continued Disability or (ii) Executive terminates employment for Good Reason, then the Company will pay Executive the sum of (A) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), (B) expenses incurred by Executive prior to her termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and (C) provided that Executive is not in default of her obligations under Section 7, 8, or 9 herein, an amount equal to (x) six months' base salary or (y) if such termination occurs in the Initial Term, the amount of base salary for the period commencing on the effective date of termination and ending on the last day of said term, whichever is greater ((A) through (C), being hereinafter referred to, collectively, as the "Separation Benefits"). In such event, the payments described in (C) in the preceding sentence will be made following Executive's execution (and non-revocation) of a form of general release of claims as is acceptable to the Board or the Committee if the general release form is provided to the Executive within one month of the Executive's date of termination, in accordance with the normal payroll practices of the Company; provided that the portion of the severance payment described in clause (C) above that exceeds the "separation pay limit," if any, will be paid to the Executive in a lump sum payment within thirty (30) days following the date of Executive's termination of employment (or such earlier date following the date of Executive's termination of employment, if any, as may be required under applicable wage payment laws), but in no event later than the fifteenth (15th) day of the third (3rd) month following the Executive's date of termination. The "separation pay limit" will mean two (2) times the lesser of: (1) the sum of Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the calendar year immediately preceding the calendar year in which Executive's date of termination of employment occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if Executive had not terminated employment); and (2) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under Code Section 401(a)(17) for the year in which her termination of employment occurs. The lump-sum payment to be made to Executive pursuant to this Section 4(a)(ii) is intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(4) for short-term deferrals. The remaining portion of the severance payment described in clause (C) above will be paid in periodic installments over the 15-month period commencing on the first post-termination payroll date following expiration of the revocation period described above and will be paid in accordance with the normal payroll practices of the Company. Notwithstanding the foregoing, in no event will such remaining portion of the severance payment described in clause (C) above be paid to Executive later than December 31 of the second calendar year following the calendar year in which Executive's date of termination of employment occurs. The payments to be made to Executive pursuant to the immediately preceding sentence are intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(9)(iii) for separation pay plans (*i.e.*, the so-called “two times” pay exemption). For the sake of clarity, no election by the Company not to renew the Term will trigger any rights to severance or other benefits.

(e) Payment of COBRA Premiums. In the event that the Company terminates Executive’s employment for any reason other than Good Cause or Executive terminates her employment for Good Reason, then, provided that Executive timely elects to receive continued coverage under the Company’s group medical and dental insurance plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended (“COBRA”), for the period commencing on the date of Executive’s termination and continuing until the earlier of the end of the six-month period following her termination date or the first of the month immediately following the Company’s receipt of notice from Executive terminating such coverage, Executive (and any qualified dependents) will be entitled to coverage under such plans (as may be amended during the period of coverage) in which Executive was participating immediately prior to the date of her termination of employment (the “COBRA Coverage”). The cost of the premiums for such coverage will be borne by the Company, except that Executive will reimburse the Company for premiums becoming due each month with respect to such coverage in an amount equal to the difference between the amount of such premiums and the portion thereof currently being paid by Executive. Executive’s portion of such premiums will be payable by the first of each month commencing the first month following the month in which her termination of employment occurs. The period during which Employee is being provided with health insurance under this Agreement at the Company’s expense will be credited against Employee’s period of COBRA coverage, if any. Further, if at any time during the period Executive is entitled to premium payments under this Section 11(e), Executive becomes entitled to receive health insurance from a subsequent employer, the Company’s obligation to continue premium payments to Executive shall terminate immediately.

12. **ADVICE TO PROSPECTIVE EMPLOYERS**

If Executive seeks or is offered employment by any other company, firm or person during her employment or during the post-termination restricted periods, she will notify the prospective employer of the existence and terms of the non-competition and confidentiality agreements set forth in Sections 7 and 9 of this Agreement. Executive may disclose the language of Sections 7 and 9, but may not disclose the remainder of this Agreement.

13. **CHANGE IN CONTROL**

(a) In the event of a Change in Control (as defined herein) of the Company, (i) all stock options, restricted stock, and all other equity awards granted to Executive prior to the Change in Control will immediately vest in full, (ii) if, within 90 days prior to a Change of Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability, or Executive terminates employment for Good Reason, then, the Company will provide the Separation Benefits and the COBRA Coverage, and all other stock options, restricted stock, and other equity awards granted to Executive will immediately vest in full as of the date of termination and will remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive’s termination of employment, and (iii) if, within 12 months following a Change in Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability or Executive terminates employment for Good Reason, then (a) the Company will provide the Separation Benefits and the COBRA Coverage, and (b) all stock options, restricted stock, and other equity awards granted to Executive will immediately vest in full as of the date of termination and will remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive’s termination of employment. In the event Executive seeks to terminate her employment for Good Reason, such termination will not be treated for purposes of this Section 13 as a termination for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company’s receipt of such notice.

(b) For purposes of this Agreement, “Change in Control” means any of the following events:

(i) A change in control of the direction and administration of the Company's business of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act, as in effect on the date hereof and any successor provision of the regulations under the Exchange Act, whether or not the Company is then subject to such reporting requirements; or

(ii) Any "person" (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act but excluding any employee benefit plan of the Company) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than one half of the combined voting power of the Company's outstanding securities then entitled to vote for the election of directors; or

(iii) The Company sells all or substantially all of the assets of the Company; or

(iv) The consummation of a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the Company's 2013 Stock Incentive Plan or other successor stock plan or results in the occurrence of any event described in Sections 13(b) (i), (ii) or (iii) above.

(c) Notwithstanding anything to the contrary contained in this Agreement, in the event any amounts payable hereunder would be considered to be excess parachute payments for purposes of the amount payable following the occurrence of a Change of Control that is treated as a "change in the ownership or effective control" of the Company or "in the ownership of a substantial portion of the assets" of the Company for purposes of Code Sections 280G and 4999, those payments that are treated for purposes of Code Section 280G as being contingent on a "change in the ownership or effective control" (as that phrase is used for purposes of Code Section 280G) of the Company will be reduced, if and to the extent necessary, so that no payments under this Agreement are treated as excess parachute payments.

14. **ACKNOWLEDGEMENTS**

The Company and Executive each hereby acknowledge and agree as follows:

(a) The covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration, and, with respect to the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 and 9 hereof, are reasonable in duration, the activities proscribed, and geographic scope;

(b) In the event of a breach or threatened breach by Executive of any of the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 or 9 hereof, monetary damages or the other remedies at law that may be available to the Company for such breach or threatened breach will be inadequate and, without prejudice to the Company's right to pursue any other remedies at law or in equity available to it for such breach or threatened breach, including, without limitation, the recovery of damages from Executive, the Company will be entitled to injunctive relief from a court of competent jurisdiction or the arbitrator; and

(c) The time period, proscribed activities, and geographical area set forth in Section 9 hereof are each divisible and separable, and, in the event that the covenants not to compete contained therein are judicially held invalid or unenforceable as to such time period, scope of activities, or geographical area, they will be valid and enforceable to such extent and in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. Executive agrees that in the event any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with the Company in requesting that court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, any period of restriction or covenant herein stated will not include any period of violation or period of time required for litigation to enforce such restriction or covenant.

15. **NOTICES**

Any notice or communication required or permitted hereunder will be given in writing and will be sufficiently given if delivered personally or sent by telecopy to such party addressed as follows:

(a) In the case of the Company, if addressed to it as follows: Streamline

Health Solutions, Inc.
1230 Peachtree Street NE
Suite 1000
Atlanta, Georgia 30309
Attn: Chief Executive Officer
Telecopy: (404) 446-0059

(b) In the case of Executive, if addressed to Executive at the most recent address on file with the Company.

Any such notice delivered personally or by telecopy will be deemed to have been received on the date of such delivery. Any address for the giving of notice hereunder may be changed by notice in writing.

16. **ASSIGNMENT, SUCCESSORS AND ASSIGNS**

This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. The Company may assign or otherwise transfer its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), but this Agreement may not be assigned, nor may her duties hereunder be delegated, by Executive. In the event that the Company assigns or otherwise transfers its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), for all purposes of this Agreement, the "Company" will then be deemed to include the successor or affiliated business or corporation to which the Company, assigned or otherwise transferred its rights hereunder.

17. **MODIFICATION**

This Agreement may not be released, discharged, abandoned, changed or modified in any manner, except by an instrument in writing signed by each of the parties hereto.

18. **SEVERABILITY**

The invalidity or unenforceability of any particular provision of this Agreement will not affect any other provisions hereof, and the parties will use their best efforts to substitute a valid, legal and enforceable provision, which, insofar as practical, implements the purpose of this Agreement. If the parties are unable to reach such agreement, then the provisions will be modified as set forth in Section 14(c) above. Any failure to enforce any provision of this Agreement will not constitute a waiver thereof or of any other provision hereof.

19. **COUNTERPARTS**

This Agreement may be signed in counterparts (and delivered via facsimile transmission or by digitally scanned signature delivered electronically), and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument.

20. **ENTIRE AGREEMENT**

This constitutes the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to such subject matter.

21. **DISPUTE RESOLUTION**

Except as set forth in Section 14 above, any and all disputes arising out of or in connection with the execution, interpretation, performance or non-performance of this Agreement or any agreement or other instrument between, involving or affecting the parties (including the validity, scope and enforceability of this arbitration clause), will be submitted to and resolved by arbitration. The arbitration will be conducted pursuant to the terms of the Federal Arbitration Act and the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association. Either party may notify the other party at any time of the existence of a controversy potentially requiring arbitration by certified mail, and the parties will attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such notice. If the dispute cannot be resolved within the fifteen-day period, either party may file a written demand for arbitration with the American Arbitration Association. The place of arbitration will be Atlanta, Georgia.

Initialed by Executive	Initialed by the Company

GOVERNING LAW; FORUM SELECTION

The provisions of this Agreement will be governed by and interpreted in accordance with the internal laws of the State of Georgia and the laws of the United States applicable therein. Executive acknowledges and agrees that Executive is subject to personal jurisdiction in state and federal courts in Fulton County, Georgia, and waives any objection thereto.

22. **CODE SECTION 409A**

Notwithstanding any other provision in this Agreement to the contrary, if and to the extent that Code Section 409A is deemed to apply to any benefit under this Agreement, it is the general intention of the Company that such benefits will, to the extent practicable, comply with, or be exempt from, Code Section 409A, and this Agreement will, to the extent practicable, be construed in accordance therewith. Deferrals of benefits distributable pursuant to this Agreement that are otherwise exempt from Code Section 409A in a manner that would cause Code Section 409A to apply will not be permitted unless such deferrals are in compliance with Code Section 409A. In the event that the Company (or a successor thereto) has any stock which is publicly traded on an established securities market or otherwise and Executive is determined to be a "specified employee" (as defined under Code Section 409A), any payment that is deemed to be deferred compensation under Code Section 409A to be made to the Executive upon a separation from service may not be made before the date that is six months after Executive's separation from service (or death, if earlier). To the extent that Executive becomes subject to the six-month delay rule, all payments that would have been made to Executive during the six months following her separation from service that are not otherwise exempt from Code Section 409A, if any, will be accumulated and paid to Executive during the seventh month following her separation from service, and any remaining payments due will be made in their ordinary course as described in this Agreement. For the purposes herein, the phrase "termination of employment" or similar phrases will be interpreted in accordance with the term "separation from service" as defined under Code Section 409A if and to the extent required under Code Section 409A. Further, (i) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in this Agreement, then such terms, provisions and conditions will, to the extent practicable, be deemed to be made a part of this Agreement, and (ii) terms used in this Agreement will be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that this Agreement or any benefit thereunder will be deemed not to comply with Code Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents will be liable to any participant or other person for actions, decisions or determinations made in good faith.

23. **WITHHOLDING**.

The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as will be required to be withheld pursuant to any applicable law or regulation.

[Signature page follows.]

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto effective as of the date first above written.

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Robert E. Watson
Robert E. Watson
President and Chief Executive Officer

EXECUTIVE

/s/ Lois Rickard
Lois Rickard

EXHIBIT A TO EMPLOYMENT AGREEMENT ("AGREEMENT") DATED AS OF MARCH 6, 2014, BETWEEN STREAMLINE HEALTH SOLUTIONS, INC. AND LOIS RICKARD -- COMPENSATION AND BENEFITS[1]

1. Start Date. Executive's start date will be March 3, 2014.

2. Base Salary. Base Salary will be paid at an annualized rate of $195,000, which will be subject to annual review and adjustment by the Committee or the Board but will not be reduced below $195,000. Such amounts will be payable to Executive in accordance with the normal payroll practices of the Company.

3. Annual Bonus. Target annual bonus and target goals will be set by the Committee annually.
Target annual bonus (prorated for any partial period) will be 30% of Executive's then-current annual base salary. The annual bonus will be paid pursuant to such conditions as are established by the Committee and, to the extent payable under a bonus plan, subject to such terms and conditions as may be set out in such plan. The annual bonus will, if payable, be paid in cash no later than March 14 of the fiscal year following the fiscal year during which Executive's right to the annual bonus vests.

4. Benefits. Executive will be eligible to participate in the Company's benefit plans on the same terms and conditions as provided for other Company executives, subject to all terms and conditions of such plans as they may be amended from time to time, and will accrue paid time off totaling 20 days per annum.

5. Grant of Stock Options. Executive will receive a grant of stock options for 75,000 shares of common stock of the Company, as of the start date referred to in paragraph 1 above, with an option exercise price equal to the closing price on the date of grant of such stock as reported by NASDAQ CM. Such options will have a 10-year term, will vest monthly in 36 equal installments commencing on the first month after the grant date (such vesting to be subject to the continued employment of Executive) and will be subject to such other terms and conditions as apply under the Company's 2013 Stock Incentive Plan or other applicable stock plan and the related option agreement.

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[1] Terms not defined herein have the meanings given to such terms in the Agreement.

Exhibit 10.24

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (together with Exhibit A, the "Agreement") is entered into as of February 3, 2014, by and between Streamline Health Solutions, Inc., a Delaware corporation with its headquarters in Atlanta, Georgia (the "Company"), and Randolph Salisbury ("Executive").

RECITALS:

WHEREAS, the Company and Executive hereby agree that Executive will serve as an officer of the Company pursuant to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

1. **EMPLOYMENT**

The Company hereby agrees to employ Executive, and Executive, in consideration of such employment and other consideration set forth herein, hereby accepts employment, upon the terms and conditions set forth herein.

2. **POSITION AND DUTIES**

During the Term (as defined in Section 10 of this Agreement), Executive will be employed as Senior Vice President, Chief Marketing Officer, of the Company and may also serve as an officer or director of affiliates of the Company for no additional compensation, as part of Executive's services to the Company hereunder. While employed hereunder, Executive will do all things necessary, legal and incident to the above positions, and otherwise will perform such executive-level functions, as the Chief Executive Officer of the Company (the "CEO"), to whom Executive will report, or the Board of Directors of the Company (the "Board") may establish from time to time.

3. **COMPENSATION AND BENEFITS**

Subject to such modifications as may be contemplated by Exhibit A and approved from time to time by the Board or the Compensation Committee of the Board (the "Committee"), and unless otherwise consented to by Executive, Executive will receive the compensation and benefits listed on the attached Exhibit A, which is incorporated herein and expressly made a part of this Agreement. Such compensation and benefits will be paid and provided by the Company in accordance with the Company's regular payroll, compensation and benefits policies.

4. **EXPENSES**

The Company will pay or reimburse Executive for all travel and out-of-pocket expenses reasonably incurred or paid by Executive in connection with the performance of Executive's duties as an employee of the Company upon compliance with the Company's procedures for expense reimbursement, including the presentation of expense statements or receipts or such other supporting documentation as the Company may reasonably require. All expenses eligible for reimbursements in connection with the Executive's employment with the Company must be incurred by Executive during the term of employment and must be in accordance with the Company's expense reimbursement policies. The amount of reimbursable expenses incurred in one taxable year will not affect the expenses eligible for reimbursement in any other taxable year. Each category of reimbursement will be paid as soon as administratively practicable, but in no event will any such reimbursement be paid after the last day of Executive's taxable year following the taxable year in which the expense was incurred. No right to reimbursement is subject to liquidation or exchange for other benefits.

5. **BINDING AGREEMENT**

The Company warrants and represents to Executive that the Company, acting by the officer executing this Agreement on its behalf of the Company, has the full right and authority to enter into this Agreement and to perform all of its obligations hereunder.

6. OUTSIDE EMPLOYMENT

Executive will devote Executive's full time and attention to the performance of the duties incident to Executive's position with the Company, and will not have any other employment with any other enterprise or substantial responsibility for any enterprise which would be inconsistent with Executive's duty to devote Executive's full time and attention to Company matters; *provided, however,* that the foregoing will not prevent Executive from participation in any charitable or civic organization or, subject to CEO consent, which consent will not be unreasonably withheld, from service in a non-executive capacity on the boards of directors of up to two other companies that does not interfere with Executive's performance of the duties and responsibilities to be performed by Executive under this Agreement.

7. CONFIDENTIAL INFORMATION AND TRADE SECRETS

The Company is in the business of providing solutions, including comprehensive suites of health information solutions relating to enterprise content management, computer assisted coding, business analytics and integrated workflow systems, that help hospitals, physician groups and other healthcare organizations improve efficiencies and business processes across the enterprise to enhance and protect revenues, offering a flexible, customizable way to optimize the clinical and financial performance of any healthcare organization (the "Business").

For the purpose of this Agreement, "Confidential Information" will mean any written or unwritten information which relates to or is used in the Company's Business (including, without limitation, the Company's services, processes, patents, systems, equipment, creations, designs, formats, programming, discoveries, inventions, improvements, computer programs, data kept on computers, engineering, research, development, applications, financial information, information regarding services and products in development, market information, including test marketing or localized marketing, other information regarding processes or plans in development, trade secrets, training manuals, know-how of the Company, and the customers, clients, suppliers and others with whom the Company does or has in the past done, business (including any information about the identity of the Company's customers or suppliers and written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans or any other Confidential Information, which the Company deems confidential and proprietary and which is generally not known to others outside the Company and which gives or tends to give the Company a competitive advantage over persons who do not possess such information or the secrecy of which is otherwise of value to the Company in the conduct of its business — regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, reduced to practice, copyrightable or considered copyrightable, patentable or considered patentable; *provided, however,* that "Confidential Information" will not include general industry information or information which is publicly available or is otherwise in the public domain without breach of this Agreement, information which Executive has lawfully acquired from a source other than through his employment with the Company, or information which is required to be disclosed pursuant to any law, regulation or rule of any governmental body or authority or court order (in which event Executive will immediately notify the Company of such requirement or order so as to give the Company an opportunity to seek a protective order or other manner of protection prior to production or disclosure of the information). Executive acknowledges that Confidential Information is novel and proprietary to and of considerable value to the Company.

Confidential Information will also include confidential information of third parties, clients or prospective clients that has been provided to the Company or to Executive in conjunction with Executive's employment, which information the Company is obligated to treat as confidential. Confidential Information does not include information voluntarily disclosed to the public by the Company, except where such public disclosure has been made by the Executive without authorization from the Company, or which has been independently developed and disclosed by others, or which has otherwise entered the public domain through lawful means.

Executive acknowledges that all Confidential Information is the valuable, unique and special asset of the Company and that the Company owns the sole and exclusive right, title and interest in and to this Confidential Information.

(a) To the extent that the Confidential Information rises to the level of a trade secret under applicable law, then Executive will, during Executive's employment and for as long thereafter as the Confidential Information remains a trade secret (or for the maximum period of time otherwise allowed under applicable law) protect and maintain the confidentiality of these trade secrets and refrain from disclosing, copying or using the trade secrets without the Company's prior written consent, except as necessary in Executive's performance of Executive's duties while employed with the Company.

(b) To the extent that the Confidential Information defined above does not rise to the level of a trade secret under applicable law, Executive will not, during Executive's employment and thereafter for a period of two (2) years, disclose, or cause to be disclosed in any way, Confidential Information, or any part thereof, to any person, firm, corporation, association or any other operation or entity, or use the Confidential Information on Executive's own behalf, for any reason or purpose except as necessary in the performance of his duties while employed with the Company. Executive further agrees that, during Executive's employment and thereafter for a period of two (2) years, Executive will not distribute, or cause to be distributed, Confidential Information to any third person or permit the reproduction of Confidential Information, except on behalf of the Company in Executive's capacity as an employee of the Company. Executive will take all reasonable care to avoid unauthorized disclosure or use of the Confidential Information. Executive agrees that all restrictions contained in this Section 7 are reasonable and valid under the circumstances and hereby waives all defenses to the strict enforcement thereof by the Company.

Executive agrees that, upon the request of the Company, or in any event immediately upon termination of his employment for whatever reason, Executive will immediately deliver up to the Company or its designee all Confidential Information in Executive's possession or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies thereof, relating to or containing Confidential Information. Executive does not have, nor can Executive acquire, any property or other rights in Confidential Information.

8. **PROPERTY OF THE COMPANY**

All ideas, inventions, discoveries, proprietary information, know-how, processes and other developments and, more specifically, improvements to existing inventions, conceived by Executive, alone or with others, during the term of Executive's employment with the Company, whether or not during working hours and whether or not while working on a specific project, that are within the scope of the Company's Business operations or that relate to any work or projects of the Company, are and will remain the exclusive property of the Company. Inventions, improvements and discoveries relating to the Business of the Company conceived or made by Executive, either alone or with others, while employed with the Company are conclusively and irrefutably presumed to have been made during the period of employment and are the sole property of the Company. The Executive will promptly disclose in writing any such matters to the Company but to no other person without the consent of the Company. Executive hereby assigns and agrees to assign all right, title and interest in and to such matters to the Company. Executive will, upon request of the Company, execute such assignments or other instruments and assist the Company in the obtaining, at the Company's sole expense, of any patents, trademarks or similar protection, if available, in the name of the Company.

9. **PROTECTIVE COVENANTS**

(a) Non-Solicitation of Customers or Clients. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive agrees not to solicit, directly or by assisting others, any business from any of the Company's customers or clients, including actively sought prospective customers or clients, with whom Executive has had material contact during Executive's employment with the Company, for the purpose of providing products or services that are competitive with those provided by the Company. As used in this paragraph, "material contact" means the contact between Executive and each customer, client or vendor, or potential customer, client or vendor (i) with whom or which Executive dealt on behalf of the Company, (ii) whose dealings with the Company were coordinated or supervised by Executive, (iii) about whom Executive obtained confidential information in the ordinary course of business as a result of Executive's association with the Company, or (iv) who receives products or services authorized by the Company, the sale or provision of which products or services results or resulted in compensation, commissions or earnings for Executive within two years prior to the date of the employee's termination.

(b) Non-Piracy of Employees. During Executive's employment and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, Executive covenants and agrees that Executive will not, directly or indirectly, within the Territory, as defined below: (i) solicit, recruit or hire (or attempt to solicit, recruit or hire) or otherwise assist anyone in soliciting, recruiting or hiring, any employee or independent contractor of the Company who performed work for the Company within the last year of Executive's employment with the Company, or (ii) otherwise encourage, solicit or support any such employee or independent contractor to leave his or her employment or engagement with the Company.

(c) Non-Compete. During Executive's employment with the Company and for a period of two (2) years following the date of any voluntary or involuntary termination of Executive's employment for any reason, and provided that the Company is not in default of its obligations specified in Sections 11 and 13 hereof, Executive agrees not to, directly or indirectly, compete with the Company, as an officer, director, member, principal, partner, shareholder, owner, manager, supervisor, administrator, employee, consultant or independent contractor, by working for a competitor to, or engaging in competition with, the Business, in the Territory, in a capacity in which Executive performs duties and responsibilities that are the same as or similar to the duties performed by Executive while employed by the Company, provided that the foregoing will not prohibit Executive from owning not more than 5% of the outstanding stock of a corporation subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The "Territory" will be defined to be that geographic area comprised of the following states in the United States of America, the District of Columbia and the Canadian provinces of Quebec and Alberta:

Alabama	Indiana	Nebraska	South Carolina
Alaska	Iowa	Nevada	South Dakota
Arizona	Kansas	New Hampshire	Tennessee
Arkansas	Kentucky	New Jersey	Texas
California	Louisiana	New Mexico	Utah
Colorado	Maine	New York	Vermont
Connecticut	Maryland	North Carolina	Virginia
Delaware	Massachusetts	North Dakota	Washington
Florida	Michigan	Ohio	West Virginia
Georgia	Minnesota	Oklahoma	Wisconsin
Hawaii	Mississippi	Oregon	Wyoming
Idaho	Missouri	Pennsylvania	
Illinois	Montana	Rhode Island	

; provided, however, that the Territory described herein is a good faith estimate of the geographic area that is now applicable as the area in which the Company does or will do business during the term of Executive's employment, and the Company and Executive agree that this non-compete covenant will ultimately be construed to cover only so much of such Territory as relates to the geographic areas in which the Company does business within the two-year period preceding termination of Executive's employment.

10. **TERM**

Unless earlier terminated pursuant to Section 11 herein, the term of this Agreement will be for a period beginning on the start date specified in Exhibit A and ending on February 2, 2015 (the "Initial Term"). Upon expiration of the Initial Term, this Agreement will automatically renew in successive one-year periods (each a "Renewal Period"), unless Executive or the Company notifies the other party at least 60 days prior to the end of the Initial Term or the applicable Renewal Period that this Agreement will not be renewed. The Initial Term, and, if this Agreement is renewed in accordance with this Section 10, each Renewal Period, will be included in the definition of

“Term” for purposes of this Agreement. Unless waived in writing by the Company, the requirements of Section 7 (Confidential Information and Trade Secrets), Section 8 (Property of the Company) and Section 9 (Protective Covenants) will survive the expiration or termination of this Agreement or Executive’s employment for any reason.

11. **TERMINATION**

(a) Death. This Agreement and Executive’s employment hereunder will be terminated on the death of Executive, effective as of the date of Executive’s death. In such event, the Company will pay to the estate of Executive the sum of (i) accrued but unpaid base salary earned prior to Executive’s death (to be paid in accordance with normal practices of the Company) and (ii) expenses incurred by Executive prior to his death for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(b) Continued Disability. This Agreement and Executive’s employment hereunder may be terminated, at the option of the Company, upon a Continued Disability (as defined herein) of Executive. For the purposes of this Agreement, and unless otherwise required under Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), “Continued Disability” will be defined as the inability or incapacity (either mental or physical) of Executive to continue to perform Executive’s duties hereunder for a continuous period of one hundred twenty (120) working days, or if, during any calendar year of the Term hereof because of disability, Executive will have been unable to perform Executive’s duties hereunder for a total period of one hundred eighty (180) working days regardless of whether or not such days are consecutive. The determination as to whether Executive is unable to perform the essential functions of Executive’s job will be made by the Board or the Committee in its reasonable discretion; *provided, however,* that if Executive is not satisfied with the decision of the Board or the Committee, Executive will submit to examination by three competent physicians who practice in the metropolitan area in which the Company maintains its principal executive office, one of whom will be selected by the Company, another of whom will be selected by Executive, with the third to be selected by the physicians so selected. The determination of a majority of the physicians so selected will supersede the determination of the Board or the Committee and will be final and conclusive. In the event of the termination of Executive’s employment due to Continued Disability, the Company will pay to Executive the sum of (i) accrued but unpaid base salary earned prior to the date of the Executive’s termination of employment due to Continued Disability (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to his termination of employment for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(c) Termination by the Company for Good Cause, by Executive Other Than for Good Reason, or upon Non-Renewal of the Term by Executive. Notwithstanding any other provision of this Agreement, the Company may at any time terminate this Agreement and Executive’s employment hereunder for Good Cause, Executive may at any time terminate his employment other than for Good Reason (as defined in Section 11(d) herein), or Executive may notify the Company that he will not renew the Term. For this purpose, “Good Cause” will include the following: the current use of illegal drugs; conviction of any crime which involves moral turpitude, fraud or misrepresentation; commission of any act which would constitute a felony and which adversely impacts the business or reputation of the Company; fraud; misappropriation or embezzlement of Company funds or property; willful misconduct or grossly negligent or reckless conduct which is materially injurious to the reputation, business or business relationships of the Company; material violation or default on any of the provisions of this Agreement; or material and continuous failure to meet reasonable performance criteria or reasonable standards of conduct as established from time to time by the Board, which failure continues for at least 30 days after written notice from the Company to Executive. Any alleged termination by the Company for Good Cause will be delivered in writing to Executive stating the full basis for such cause along with any notice of such termination. If the employment of Executive is terminated by the Company for Good Cause, if Executive terminates employment for any reason other than for Good Reason (including, but not limited to, resignation), or if Executive notifies the Company he will not renew the Term, then, the Company will pay to Executive the sum of (i) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), and (ii) expenses incurred by Executive prior to his termination date for which

Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and Executive will be entitled to no severance or other post-termination benefits.

(d) Termination by the Company without Good Cause or by Executive for Good Reason. The Company may terminate this Agreement and Executive's employment at any time, including for reasons other than Good Cause (as "Good Cause" is defined in Section 11(c) above), Executive may terminate his employment at any time, including for Good Reason, or the Company may elect not to renew the Term. For the purposes herein, "Good Reason" will mean (i) a material diminution of Executive's base salary; (ii) a material diminution in Executive's authority, duties, or responsibilities; (iii) a material change in geographic location at which the Executive must perform services, from Metropolitan Atlanta, Georgia; or (iv) any other action or inaction that constitutes a material breach of the terms of this Agreement; provided that Executive's termination will not be treated as a resignation for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company's receipt of such notice. In the event that (i) the Company terminates the employment of Executive during the Term for reasons other than for Good Cause, death or Continued Disability or (ii) Executive terminates employment for Good Reason, then the Company will pay Executive the sum of (A) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), (B) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and (C) provided that Executive is not in default of his obligations under Section 7, 8, or 9 herein, an amount equal to (x) six months' base salary or (y) if such termination occurs in the Initial Term, the amount of base salary for the period commencing on the effective date of termination and ending on the last day of said term, whichever is greater ((A) through (C), being hereinafter referred to, collectively, as the "Separation Benefits"). In such event, the payments described in (C) in the preceding sentence will be made following Executive's execution (and non-revocation) of a form of general release of claims as is acceptable to the Board or the Committee if the general release form is provided to the Executive within one month of the Executive's date of termination, in accordance with the normal payroll practices of the Company; provided that the portion of the severance payment described in clause (C) above that exceeds the "separation pay limit," if any, will be paid to the Executive in a lump sum payment within thirty (30) days following the date of Executive's termination of employment (or such earlier date following the date of Executive's termination of employment, if any, as may be required under applicable wage payment laws), but in no event later than the fifteenth (15th) day of the third (3rd) month following the Executive's date of termination. The "separation pay limit" will mean two (2) times the lesser of: (1) the sum of Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the calendar year immediately preceding the calendar year in which Executive's date of termination of employment occurs (adjusted for any increase during that calendar year that was expected to continue indefinitely if Executive had not terminated employment); and (2) the maximum dollar amount of compensation that may be taken into account under a tax-qualified retirement plan under Code Section 401(a)(17) for the year in which his termination of employment occurs. The lump-sum payment to be made to Executive pursuant to this Section 4(a)(ii) is intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(4) for short-term deferrals. The remaining portion of the severance payment described in clause (C) above will be paid in periodic installments over the 15-month period commencing on the first post-termination payroll date following expiration of the revocation period described above and will be paid in accordance with the normal payroll practices of the Company. Notwithstanding the foregoing, in no event will such remaining portion of the severance payment described in clause (C) above be paid to Executive later than December 31 of the second calendar year following the calendar year in which Executive's date of termination of employment occurs. The payments to be made to Executive pursuant to the immediately preceding sentence are intended to be exempt from Code Section 409A under the exemption found in Regulation Section 1.409A-1(b)(9)(iii) for separation pay plans (*i.e.*, the so-called "two times" pay exemption). For the sake of clarity, no election by the Company not to renew the Term will trigger any rights to severance or other benefits.

12. **ADVICE TO PROSPECTIVE EMPLOYERS**

If Executive seeks or is offered employment by any other company, firm or person during his employment or during the post-termination restricted periods, he will notify the prospective employer of the existence and terms of the non-competition and confidentiality agreements set forth in Sections 7 and 9 of this Agreement. Executive may disclose the language of Sections 7 and 9, but may not disclose the remainder of this Agreement.

13. **CHANGE IN CONTROL**

(a) In the event of a Change in Control (as defined herein) of the Company, (i) all stock options, restricted stock, and all other equity awards granted to Executive prior to the Change in Control will immediately vest in full, (ii) if, within 90 days prior to a Change of Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability, or Executive terminates employment for Good Reason, then, the Company will provide the Separation Benefits, and all other stock options, restricted stock, and other equity awards granted to Executive will immediately vest in full as of the date of termination and will remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive's termination of employment, and (iii) if, within 12 months following a Change in Control, the Company terminates the employment of Executive for reasons other than for Good Cause, death or Continued Disability or Executive terminates employment for Good Reason, then (a) the Company will provide the Separation Benefits, and (b) all stock options, restricted stock, and other equity awards granted to Executive will immediately vest in full as of the date of termination and will remain exercisable until the earlier of the end of the applicable option period or one hundred and eighty (180) days from the date of Executive's termination of employment. In the event Executive seeks to terminate his employment for Good Reason, such termination will not be treated for purposes of this Section 13 as a termination for Good Reason unless Executive provides the Company with notice of the existence of the condition claimed to constitute Good Reason within 90 days of the initial existence of such condition and the Company fails to remedy such condition within 30 days following the Company's receipt of such notice.

(b) For purposes of this Agreement, "Change in Control" means any of the following events:

(i) A change in control of the direction and administration of the Company's business of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act, as in effect on the date hereof and any successor provision of the regulations under the Exchange Act, whether or not the Company is then subject to such reporting requirements; or

(ii) Any "person" (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act but excluding any employee benefit plan of the Company) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than one half of the combined voting power of the Company's outstanding securities then entitled to vote for the election of directors; or

(iii) The Company sells all or substantially all of the assets of the Company; or

(iv) The consummation of a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the Company's 2013 Stock Incentive Plan or other successor stock plan or results in the occurrence of any event described in Sections 13(b) (i), (ii) or (iii) above.

(c) Notwithstanding anything to the contrary contained in this Agreement, in the event any amounts payable hereunder would be considered to be excess parachute payments for purposes of the amount payable following the occurrence of a Change of Control that is treated as a "change in the ownership or effective control" of the Company or "in the ownership of a substantial portion of the assets" of the Company for purposes of Code Sections 280G and 4999, those payments that are treated for purposes of Code Section 280G as being contingent on a "change in the ownership or effective control" (as that phrase is used for purposes of Code Section 280G) of the Company will be reduced, if and to the extent necessary, so that no payments under this Agreement are treated as excess parachute payments.

14. **ACKNOWLEDGEMENTS**

The Company and Executive each hereby acknowledge and agree as follows:

(a) The covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration, and, with respect to the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 and 9 hereof, are reasonable in duration, the activities proscribed, and geographic scope;

(b) In the event of a breach or threatened breach by Executive of any of the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 or 9 hereof, monetary damages or the other remedies at law that may be available to the Company for such breach or threatened breach will be inadequate and, without prejudice to the Company's right to pursue any other remedies at law or in equity available to it for such breach or threatened breach, including, without limitation, the recovery of damages from Executive, the Company will be entitled to injunctive relief from a court of competent jurisdiction or the arbitrator; and

(c) The time period, proscribed activities, and geographical area set forth in Section 9 hereof are each divisible and separable, and, in the event that the covenants not to compete contained therein are judicially held invalid or unenforceable as to such time period, scope of activities, or geographical area, they will be valid and enforceable to such extent and in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. Executive agrees that in the event any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with the Company in requesting that court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, any period of restriction or covenant herein stated will not include any period of violation or period of time required for litigation to enforce such restriction or covenant.

15. **NOTICES**

Any notice or communication required or permitted hereunder will be given in writing and will be sufficiently given if delivered personally or sent by telecopy to such party addressed as follows:

(a) In the case of the Company, if addressed to it as follows:

Streamline Health Solutions, Inc.
1230 Peachtree Street NE
Suite 1000
Atlanta, Georgia 30309
Attn: Chief Executive Officer
Telecopy: (404) 446-0059

(b) In the case of Executive, if addressed to Executive at the most recent address on file with the Company.

Any such notice delivered personally or by telecopy will be deemed to have been received on the date of such delivery. Any address for the giving of notice hereunder may be changed by notice in writing.

16. **ASSIGNMENT, SUCCESSORS AND ASSIGNS**

This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. The Company may assign or otherwise transfer its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), but this Agreement may not be assigned, nor may his duties hereunder be delegated, by Executive. In the event that the Company assigns or otherwise transfers its rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), for all purposes of this Agreement, the "Company" will then be deemed to include the successor or affiliated business or corporation to which the Company, assigned or otherwise transferred its rights hereunder.

17. **MODIFICATION**

This Agreement may not be released, discharged, abandoned, changed or modified in any manner, except by an instrument in writing signed by each of the parties hereto.

18. **SEVERABILITY**

The invalidity or unenforceability of any particular provision of this Agreement will not affect any other provisions hereof, and the parties will use their best efforts to substitute a valid, legal and enforceable provision, which, insofar as practical, implements the purpose of this Agreement. If the parties are unable to reach such agreement, then the provisions will be modified as set forth in Section 14(c) above. Any failure to enforce any provision of this Agreement will not constitute a waiver thereof or of any other provision hereof.

19. **COUNTERPARTS**

This Agreement may be signed in counterparts (and delivered via facsimile transmission or by digitally scanned signature delivered electronically), and each of such counterparts will constitute an original document and such counterparts, taken together, will constitute one and the same instrument.

20. **ENTIRE AGREEMENT**

This constitutes the entire agreement among the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, and negotiations, whether written or oral, with respect to such subject matter.

21. **DISPUTE RESOLUTION**

Except as set forth in Section 14 above, any and all disputes arising out of or in connection with the execution, interpretation, performance or non-performance of this Agreement or any agreement or other instrument between, involving or affecting the parties (including the validity, scope and enforceability of this arbitration clause), will be submitted to and resolved by arbitration. The arbitration will be conducted pursuant to the terms of the Federal Arbitration Act and the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association. Either party may notify the other party at any time of the existence of a controversy potentially requiring arbitration by certified mail, and the parties will attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such notice. If the dispute cannot be resolved within the fifteen-day period, either party may file a written demand for arbitration with the American Arbitration Association. The place of arbitration will be Atlanta, Georgia.

/s/ RN	/s/ REW
Initialed by Executive	Initialed by the Company

22. **GOVERNING LAW; FORUM SELECTION**

The provisions of this Agreement will be governed by and interpreted in accordance with the internal laws of the State of Georgia and the laws of the United States applicable therein. Executive acknowledges and agrees that Executive is subject to personal jurisdiction in state and federal courts in Fulton County, Georgia, and waives any objection thereto.

23. **CODE SECTION 409A**

Notwithstanding any other provision in this Agreement to the contrary, if and to the extent that Code Section 409A is deemed to apply to any benefit under this Agreement, it is the general intention of the Company that such benefits will, to the extent practicable, comply with, or be exempt from, Code Section 409A, and this Agreement will, to the extent practicable, be construed in accordance therewith. Deferrals of benefits distributable pursuant to this Agreement that are otherwise exempt from Code Section 409A in a manner that would cause Code Section 409A to apply will not be permitted unless such deferrals are in compliance with Code Section 409A. In the event that the Company (or a successor thereto) has any stock which is publicly traded on an established securities market or otherwise and Executive is determined to be a "specified employee" (as defined under Code Section 409A), any payment that is deemed to be deferred compensation under Code Section 409A to be made to the Executive upon a separation from service may not be made before the date that is six months after Executive's separation from service (or death, if earlier). To the extent that Executive becomes subject to the six-month delay rule, all payments that would have been made to Executive during the six months following his separation from service that are not otherwise exempt from Code Section 409A, if any, will be accumulated and paid to Executive during the seventh month following his separation from service, and any remaining payments due will be made in their ordinary course as described in this Agreement. For the purposes herein, the phrase "termination of employment" or similar phrases will be interpreted in accordance with the term "separation from service" as defined under Code Section 409A if and to the extent required under Code Section 409A. Further, (i) in the event that Code Section 409A requires that any special terms, provisions or conditions be included in this Agreement, then such terms, provisions and conditions will, to the extent practicable, be deemed to be made a part of this Agreement, and (ii) terms used in this Agreement will be construed in accordance with Code Section 409A if and to the extent required. Further, in the event that this Agreement or any benefit thereunder will be deemed not to comply with Code Section 409A, then neither the Company, the Board, the Committee nor its or their designees or agents will be liable to any participant or other person for actions, decisions or determinations made in good faith.

24. **WITHHOLDING**.

The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as will be required to be withheld pursuant to any applicable law or regulation.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto effective as of the date first above written.

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Robert E. Watson
Robert E. Watson
President and Chief Executive Officer

EXECUTIVE

/s/ Randolph Salisbury
Randolph Salisbury

EXHIBIT A TO EMPLOYMENT AGREEMENT ("AGREEMENT") DATED AS OF FEBRUARY 3, 2014, BETWEEN STREAMLINE HEALTH SOLUTIONS, INC. AND RANDY SALISBURY — COMPENSATION AND BENEFITS[1]

1. Start Date. Executive's start date will be February 3, 2014.

2. Base Salary. Base Salary will be paid at an annualized rate of $200,000, which will be subject to annual review and adjustment by the Committee or the Board but will not be reduced below $200,000. Such amounts will be payable to Executive in accordance with the normal payroll practices of the Company.

3. Annual Bonus. Target annual bonus and target goals will be set by the Committee annually. Target annual bonus will be 40% of Executive's then-current annual base salary. The annual bonus will be paid pursuant to such conditions as are established by the Committee and, to the extent payable under a bonus plan, subject to such terms and conditions as may be set out in such plan. The annual bonus will, if payable, be paid in cash no later than March 14 of the fiscal year following the fiscal year during which Executive's right to the annual bonus vests. For the portion of the fiscal year from Executive's start date until January 31, 2015, Executive will receive a pro-rated annual bonus for such portion of the fiscal year.

4. Benefits. Executive will be eligible to participate in the Company's benefit plans on the same terms and conditions as provided for other Company executives, subject to all terms and conditions of such plans as they may be amended from time to time, and will accrue paid time off totaling 20 days per annum.

5. Grant of Stock Options. Executive will receive a grant of stock options for 125,000 shares of common stock of the Company, as of the start date referred to in paragraph 1 above, with an option exercise price equal to the closing price on the date of grant of such stock as reported by NASDAQ CM. Such options will have a 10-year term, will vest monthly in 36 equal installments commencing on the first month after the grant date (such vesting to be subject to the continued employment of Executive) and will be subject to such other terms and conditions as apply under the Company's 2013 Stock Incentive Plan or other applicable stock plan and the related option agreement.

[1] Terms not defined herein have the meanings given to such terms in the Agreement.

Exhibit 10.14(b)

AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT

This Amendment No. 1 to Employment Agreement is entered into as of March 6, 2014, by and between Streamline Health Solutions, Inc., a Delaware corporation with its headquarters in Atlanta, Georgia (the “Company”), and Jack W. Kennedy Jr. (“Executive”).

RECITALS:

WHEREAS, the Company and Executive entered into that certain Employment Agreement dated September 8, 2013 (the “Agreement”); and

WHEREAS, Company and Executive mutually agree to amend the Agreement as set forth below.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend the Agreement as follows:

1. The third sentence of Section 11(d) of the Agreement is hereby deleted in its entirety and replaced with the following:

> In the event that (i) the Company terminates the employment of Executive during the Term for reasons other than for Good Cause, death or Continued Disability or (ii) Executive terminates employment for Good Reason, then the Company will pay Executive the sum of (A) accrued but unpaid salary through the termination date (paid in accordance with the normal practices of the Company), (B) expenses incurred by Executive prior to his termination date for which Executive is entitled to reimbursement under (and paid in accordance with) Section 4 herein, and (C) provided that Executive is not in default of his obligations under Section 7, 8, or 9 herein, an amount equal to (x) six months’ base salary or (y) if such termination occurs in the Initial Term, the amount of base salary for the period commencing on the effective date of termination and ending on the last day of said term, whichever is greater ((A) through (C), being hereinafter referred to, collectively, as the “Separation Benefits”).

2. This Amendment may be executed in one or more facsimile, electronic or original counterparts, each of which shall be deemed an original and both of which together shall constitute the same instrument.

3. Ratification. All terms and provisions of the Agreement not amended hereby, either expressly or by necessary implication, shall remain in full force and effect. From and after the date of this Amendment, all references to the term “Agreement” in this Amendment or the original Agreement shall include the terms contained in this Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to Employment Agreement as of the date first set forth above.

"Company"

STREAMLINE HEALTH SOLUTIONS, INC.

By: /s/ Robert E. Watson
Name: Robert E. Watson
Title: President and Chief Executive Officer

"Executive"

/s/ Jack W. Kennedy Jr.

Jack W. Kennedy Jr.

Exhibit 10.18(a)
EXECUTION COPY

AMENDMENT NO. 1 AND WAIVER
UNDER AMENDED AND RESTATED SENIOR CREDIT AGREEMENT

This AMENDMENT NO. 1 AND WAIVER UNDER AMENDED AND RESTATED SENIOR CREDIT AGREEMENT (this “Amendment”) dated as of April 15, 2014 is between **STREAMLINE HEALTH, INC.** (“Borrower”) and **FIFTH THIRD BANK** (“Lender”).

WHEREAS, Borrower and Lender are parties to the Amended and Restated Senior Credit Agreement dated as of December 13, 2013 (as amended, supplemented or modified from time to time, the “Credit Agreement”); and

WHEREAS, the Borrower and the Lender intend to amend certain provisions of the Credit Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the Borrower and the Lender agree as follows (with capitalized terms used, but not otherwise defined, herein having the respective meanings given to such terms in the Credit Agreement):

1. Amendments. On and as of the Effective Date, the Credit Agreement is amended as follows:

(a) Section 1.1(a) of the Credit Agreement is hereby amended by deleting the words, “Subject to the terms and conditions hereof, Lender agrees to make loans (the “Revolving Credit Loans”) to Borrower at Borrower’s request from time to time during the term of this Agreement in an aggregate amount outstanding at any time for all Revolving Credit Loans not exceeding the following (as further adjusted pursuant to this Section 1.1(a), the “Maximum Amount”): the lesser of (i) the Lender’s Revolving Commitment and (ii) the Formula Amount.” appearing therein and inserting, in lieu thereof, the words, “Subject to the terms and conditions hereof, Lender agrees to make loans (the “Revolving Credit Loans”) to Borrower at Borrower’s request from time to time during the term of this Agreement in an aggregate amount outstanding at any time for all Revolving Credit Loans not exceeding the following (as further adjusted pursuant to this Section 1.1(a), the “Maximum Amount”): the lesser of (i) the Lender’s Revolving Commitment and (ii) the Formula Amount; provided, however, that the Lender shall not be required to make, and the Borrower shall not request, any Revolving Credit Loans until on or after the date on which Borrower has delivered Compliance Statements pursuant to Section 4.4 which demonstrates that the Fixed Charge Coverage Ratio calculated quarterly on a trailing four (4) quarter basis (notwithstanding Section 5.4) for each of the two fiscal quarters ended immediately prior to the date of delivery of such Compliance Statements was not less than 1.10:1.”;

(b) Section 4.4 of the Credit Agreement is hereby amended by inserting at the end of such Section, the words, “and with the financial statements referred to in Section 4.2 for each calendar month, a report demonstrating compliance with Section 5.3 hereof as of the last day of the applicable calendar month which report will be in reasonable detail satisfactory to Lender”;

(c) Section 5.3 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted in lieu thereof:

> “**5.3 Minimum Liquidity**. Permit Excess Liquidity to be less than $4,000,000 as of April 30, 2014 and the last day of each calendar month thereafter.”;

(d) Section 5.4 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted in lieu thereof

"5.4 <u>Fixed Charge Coverage Ratio</u>. Permit its Fixed Charge Coverage Ratio for the fiscal quarter ending July 31, 2014 and each October 31, January 31, April 30, and July 31 thereafter to be less than 1.10:1 calculated quarterly on a trailing four (4) quarter basis; provided, however, that (a) this Section 5.4 shall not be applicable with respect to the fiscal quarter ended April 30, 2014 and (b) for each quarterly period ending prior to January 31, 2015, the Fixed Charge Coverage Ratio will be determined for the period from February 1, 2014 to the end of such quarterly period.";

(e) Section 5.5 of the Credit Agreement is hereby deleted in its entirety and the following is hereby inserted in lieu thereof

"5.5 <u>Funded Debt to Adjusted EBITDA</u>. Permit its ratio of Senior Funded Debt (on a consolidated basis for Parent, Borrower and its Subsidiaries) to Adjusted EBITDA as of the end of any fiscal quarter to exceed the ratio set forth below opposite such fiscal quarter calculated quarterly on a trailing four (4) quarter basis:

<u>Four Quarters Ending</u>	<u>Ratio</u>
July 31, 2014 and each October 31, January 31, April 30 and July 31 thereafter;	2.50:1

provided, however, that (i) this Section 5.5 shall not be applicable with respect to the fiscal quarter April 30, 2014 and (ii) for purposes of calculating Adjusted EBITDA on a trailing four quarter basis under this Section 5.5 (A) for the period ending July 31, 2014, Adjusted EBITDA shall be the product of Adjusted EBITDA for the quarterly periods ending April 30, 2014 and July 31, 2014 times 2.0 and (B) for the period ending October 31, 2014, Adjusted EBITDA shall be the product of Adjusted EBITDA for the quarterly periods ending April 30, 2014, July 31, 2014 and October 31, 2014 times 1.33."

(f) Section 11.2 of the Credit Agreement is hereby amended by inserting the following definition in the proper alphabetical order:

""<u>Excess Liquidity</u>" means, as of any date of determination, the aggregate balance of unrestricted cash of the Borrower and its Subsidiaries credited to one or more demand deposit accounts at Fifth Third Bank, in each case, not subject to any Lien or encumbrance, other than in favor of the Lender *minus* the principal amount of the Revolving Credit Loans outstanding on such date."

2. Waiver. On and as of the Effective Date, Lender waives, and agrees not to exercise any remedy in respect of, the Existing Default (as defined below); provided, however, that such waiver shall not extend to or be applicable with respect to any other Default or Event of Default arising under the Credit Agreement and shall not give rise to any course of dealing or conduct between Borrower and Lender. As used herein, “Existing Default” shall mean the failure of the Borrower to (a) maintain Adjusted EBITDA of not less than $5,000,000 for the period ended January 31, 2014 as required by Section 5.3 of the Credit Agreement, (b) have a Fixed Charge Coverage Ratio of not less than 1.20:1 for the fiscal quarter ended January 31, 2014 as required by Section 5.4 of the Credit Agreement and (c) have a ratio of Senior Funded Debt to Adjusted EBITDA of not more than 2.50:1 for the fiscal quarter ended January 31, 2014 as required by Section 5.5 of the Credit Agreement.

3. Fee. On the date hereof, the Borrower shall pay to the Lender an amendment fee in the amount of $100,000. Such fee shall be fully earned and once paid shall be non-refundable in whole or in part.

4. Continuing Effect of Credit Agreement and Loan Documents. Each Guarantor hereby consents to the amendments to the Credit Agreement set forth in Section 1 hereof, the waiver set forth in Section 2 hereof and the other terms and conditions hereof and agrees that the Guaranty Agreement dated as of December 7, 2011, is, and shall remain, in full force and effect and is in all respects confirmed, approved and ratified. Each of the Borrower, each Guarantor and the Lender acknowledges and agrees that the provisions of the Credit Agreement (as amended hereby) and the other Loan Documents are and shall remain in full force and effect and are in all respects confirmed, approved and ratified. Each of the Borrower and each Guarantor hereby knowingly and voluntarily releases all claims, counterclaims, setoffs, actions or causes of actions, damages or liabilities of any kind or nature whatsoever whether at law or in equity, in contract or in tort, whether now accrued or hereafter maturing (collectively, “Claims”) against Lender, its direct or indirect parent corporation or any direct or indirect affiliates of such parent corporation, or any of the foregoing’s respective directors, officers, employees, agents, attorneys and legal representatives, or the heirs, administrators, successors or assigns of any of them that directly or indirectly arise out of, are based upon or are in any manner connected with any transaction, event, circumstance, action, or failure to act, whether known or unknown, which occurred, existed, was taken, permitted or begun at any time prior to the Effective Date in connection with the Credit Agreement or any other Loan Documents.

5. Conditions to Effectiveness. This Amendment shall be effective as of the date first above written but shall not become effective as of such date until the date (the “Effective Date”) that each of the following conditions shall have been satisfied; provided however, that if the Effective Date has not occurred on or prior to April 18, 2014, this Amendment shall be of no further force or effect and shall be deemed to have been terminated:

(a) No change in applicable law shall have occurred as a consequence of which it shall have become and continue to be unlawful for Lender to perform any of their agreements or obligations under this Amendment or the Credit Agreement as amended hereby, any Note, or under any of the other Loan Documents, or for any Credit Party to perform any of its agreements or obligations under this Amendment or the Credit Agreement, any Note, or under any of the other Loan Documents;

(b) From the date of the Current Financial Statements to the Effective Date, no changes shall have occurred in the assets, liabilities, financial condition, business, operations or prospects of any Company which, individually or in the aggregate, are materially adverse to the Parent, the Borrower and their Subsidiaries taken as a whole;

(c) Lender shall have received such additional documents, instruments or agreements as Lender may reasonably request;

(d) Other than any Existing Default, there does not exist any Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default;

(e) The Borrower shall have paid the fee referred to in Section 4 hereof and all other fees and expenses of Lender payable pursuant to the Loan Documents; and

(f) The representations and warranties contained in this Amendment and in each other Loan Document and in any document delivered in connection therewith will be true and accurate on and as of such date.

6. Representations and Warranties. In order to induce the Lender to enter into this Amendment, the Borrower represents and warrants as follows:

Each of the representations and warranties of Borrower set forth in the Credit Agreement and each other Loan Document is true and correct on and as of the Effective Date both before and after giving effect to this Amendment and, as of the Effective Date, no Default or Event of Default has occurred and is continuing on and as of the Effective Date.

7. Loan Document. Borrower and Lender each acknowledge and agree that this Amendment constitutes a Loan Document.

8. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

9. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF OHIO.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

STREAMLINE HEALTH, INC.

By: /s/ Nicholas A. Meeks
Name: Nicholas A. Meeks
Title: Senior Vice President and Chief Financial Officer

STREAMLINE HEALTH SOLUTIONS, INC.
UNIBASED SYSTEMS ARCHITECTURE, INC.
META HEALTH TECHNOLOGY, INC.

By: /s/ Nicholas A. Meeks
Name: Nicholas A. Meeks
Title: Senior Vice President and Chief Financial Officer

FIFTH THIRD BANK

By: /s/ Daniel G. Feldman
Name: Daniel G. Feldmann
Title: Vice President

Exhibit 21.1

STREAMLINE HEALTH SOLUTIONS, INC.

SUBSIDIARIES OF STREAMLINE HEALTH SOLUTIONS, INC.

Name	Jurisdiction of Incorporation	% Owned
Streamline Health, Inc.	Ohio	100%

Exhibit 23.1

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 June 13, 2014, with respect to the consolidated balance sheet of Streamline Health Solutions, Inc. and subsidiaries as of January 31, 2014, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for the year ended January 31, 2014, and related financial statement schedule, and the effectiveness of internal control over financial reporting as of January 31, 2014, which reports appear in the January 31, 2014 annual report on Form 10-K of Streamline Health Solutions, Inc.

Our report dated June 13, 2014, on the effectiveness of internal control over financial reporting as of January 31, 2014, expresses our opinion that Streamline Health Solutions, Inc. did not maintain effective internal control over financial reporting as of January 31, 2014 because of the effects of material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states the following material weaknesses were identified and included in management’s assessment in Item 9A of Streamline Health Solutions, Inc.'s January 31, 2014 annual report on Form 10-K:

- insufficient, inadequately trained personnel with U.S. GAAP knowledge necessary to ensure appropriate accounting for routine and non-routine significant transactions;
- ineffective assessment of risks related to achieving reliable financial reporting;
- ineffective written policies and procedures and monitoring of internal controls;
- ineffective internal controls over accounting for revenues and the related accounts receivable, contracts receivable, and deferred revenues;
- ineffective internal controls over accounting for period-end accounts payable and accrued liabilities;
- ineffective controls over segregation of duties related to recording accounts receivable transactions and cash receipts and purchase and expense transactions and cash disbursements, and safeguarding of cash;
- ineffective internal controls over accounting for capitalized software development costs and the related amortization; and
- ineffective internal controls over information technology systems and end-user computing applications to properly restrict access and ensure appropriate segregation of duties affecting transactional data and recording of journal entries.

/s/ KPMG LLP

Atlanta, Georgia
June 13, 2014

Exhibit 23.2

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
June 13, 2014

Exhibit 31.1

STREAMLINE HEALTH SOLUTIONS, INC.

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

I, Robert E. Watson, 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.

June 13, 2014	/s/ Robert E. Watson 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.

June 13, 2014	/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, Robert E. Watson, 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, 2014 (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/ Robert E. Watson

Chief Executive Officer and
President
June 13, 2014

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, 2014 (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
June 13, 2014

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.