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

FORM 8-K

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

Date of Report (Date of earliest event reported): **February 21, 2020**

Streamline Health Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**0-28132**	**31-1455414**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1175 Peachtree Street NE, 10th Floor
Atlanta, GA 30361
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(888) 997-8732**

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**STRM**	**The NASDAQ Capital Market**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 2.01. Completion of Acquisition or Disposition of Assets.

On February 24, 2020, Streamline Health Solutions, Inc. (the "Company") consummated the previously-announced sale of the Company's legacy Enterprise Content Management business (the "ECM Business") pursuant to that certain Asset Purchase Agreement, dated December 17, 2019, as amended (the "Asset Purchase Agreement"), by and between Hyland Software, Inc. (the "Purchaser"), the Company, and Streamline Health, Inc., a wholly-owned subsidiary of the Company (and together with the Company, the "Seller"). The Asset Purchase Agreement was previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission (the "Commission") on December 18, 2019, and was described in the Company's definitive proxy statement filed with the Commission on January 21, 2020 (the "Proxy Statement").

Pursuant to the Asset Purchase Agreement, the Purchaser has acquired the ECM Business and assumed certain liabilities of the Seller for a purchase price of $16.0 million, subject to certain adjustments for customer prepayments as set forth in the Asset Purchase Agreement.

In addition, $800,000 of the purchase price will be held in a third party escrow account, with a scheduled release date on the 15-month anniversary of the closing date to satisfy potential indemnification liabilities of the Seller.

In connection with the consummation of the sale of the ECM Business, the Company is required to prepay the Term Advance of approximately $4.0 million in full under the Loan and Security Agreement, dated as of December 11, 2019, between the Seller and Western Alliance Bank (the "Loan and Security Agreement"). The Loan and Security Agreement was previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed with the Commission on January 7, 2020.

Attached hereto as Exhibit 99.1 and Exhibit 99.2, and incorporated by reference herein, are certain unaudited pro forma financial statements of the Company in connection with the sale of the ECM Business and certain financial statements of the ECM Business, respectively.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Replacement of Principal Accounting Officer

On February 21, 2020, the Company and Luciana Mullen, the Company's Controller & Principal Accounting Officer, entered into a separation and release agreement under which Ms. Mullen will cease to serve as the Company's Controller & Principal Accounting Officer, effective March 31, 2020, but continue to provide services to the Company through her separation date to facilitate an orderly transition of her duties and job responsibilities.

In connection with the separation of Ms. Mullen, the Company's Board of Directors (the "Board") approved the appointment of Thomas J. Gibson, the Company's Chief Financial Officer as the Company's Principal Accounting Officer, effective March 31, 2020. In this modified role, Mr. Gibson will serve as the Company's Principal Financial and Accounting Officer until the earlier of his cessation of employment or the Board's appointment of his successor.

Mr. Gibson, age 56, joined the Company as Senior Vice President and Chief Financial Officer in September 2018 and has strongly contributed to the Company's activities during his tenure, including the Company's previously-announced (i) private placement used for the full redemption of the Company's convertible preferred stock in October 2019, (ii) transition to a new credit provider in December 2019, and (iii) sale of the ECM Business. From April 2013 to December 2013, Mr. Gibson served as Principal Accounting Officer, Senior Vice President of Finance and Corporate Controller at R1 RCM (previously Accretive Health, Inc.), a healthcare revenue cycle management company. In his role at R1 RCM, Mr. Gibson oversaw the company's accounting operations and financial reporting functions. Prior to his service with R1 RCM, Mr. Gibson served as Chief Financial Officer of Vivex Biomedical, Inc., a regenerative biologics company from December 2013 to December 2015 and of Citra Health Solutions, a leading healthcare services and technology firm, from December 2015 to September 2018, where he was primarily responsible for the respective company's financial reporting, treasury and financial business operations. Mr. Gibson received his bachelor's degree from the University of South Alabama.

There are no family relationships between Mr. Gibson and any Company director or executive officer, and no arrangements or understandings between Mr. Gibson and any other person pursuant to which he was selected as an officer.

Item 5.07. Submission of Matters to a Vote of Security Holders.

On February 21, 2020, the Company held a special meeting (the "Special Meeting") of its stockholders at which the following proposals were submitted: (1) the approval of the sale of the ECM Business pursuant to the Asset Purchase Agreement, and (2) the approval of the adjournment or postponement of the Special Meeting to a later date, if necessary or appropriate, to allow for the solicitation of additional proxies in favor of the sale of the ECM Business if there are insufficient votes to approve the sale of the ECM Business. Each of the foregoing proposals is described in the Company's Proxy Statement.

At the Special Meeting, of the 30,744,847 shares of common stock outstanding and entitled to vote, 20,145,491 shares were represented, constituting a quorum. The final results for each of the matters submitted to a vote of stockholders at the Special Meeting, as certified by the Inspector of Elections for the Special Meeting, are as follows:

	For	**Against**	**Abstain**
Proposal 1	20,093,650	34,191	17,650
Proposal 2	20,005,700	123,062	16,729

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are filed herewith:

Exhibit No.	Description of Exhibit
2.1	Asset Purchase Agreement, dated December 17, 2019, between the Company, Streamline Health, Inc. and Hyland Software, Inc. (incorporated by reference to Exhibit 2.1 of the Form 8-K, as filed with the Commission on December 18, 2019).
10.1	Loan and Security Agreement, dated as of December 11, 2019, between the Company, Streamline Health, Inc. and Western Alliance Bank (incorporated by reference to Exhibit 10.5 of the Form 10-Q, as filed with the Commission on January 7, 2020).
99.1	Pro Forma Financial Information of the Company.
99.2	Financial Information of the ECM Business.
99.3	Press Release Announcing Closing of the Sale of ECM Business, dated February 25, 2020.

SIGNATURES

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

Streamline Health Solutions, Inc.

Date: February 27, 2020	By: /s/ Wyche T. "Tee" Green, III
	Wyche T. "Tee" Green, III
	President & Chief Executive Officer

Exhibit 99.1

STREAMLINE HEALTH SOLUTIONS, INC.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial data gives effect to the sale of the ECM Business. The unaudited pro forma balance sheet as of October 31, 2019 has been prepared assuming the sale of the ECM Business was consummated as of that date. The unaudited pro forma statements of operations for the nine months ended October 31, 2019, the twelve months ended January 31, 2019 and the twelve months ended January 31, 2018, have been prepared in accordance with the SEC's pro forma rules under S-X Article 11 assuming that the sale of the ECM Business occurred as of February 1, 2017, the first day of the first year presented. All material adjustments required to reflect the consummation of the sale of the ECM Business are set forth in the columns labeled "Pro Forma Adjustments." The data contained in the columns labeled "Streamline Health Solutions, Inc. As Reported", is derived from the Company's historical unaudited consolidated balance sheet as of October 31, 2019 and consolidated statements of operations for the nine months ended October 31, 2019, the twelve months ended January 31, 2019 and the twelve months ended January 31, 2018. The unaudited pro forma financial data is presented for informational purposes only and is not necessarily indicative of the results of future operations or future financial position of the Company or the actual results of operations or financial position that would have occurred had the sale of the ECM Business been consummated as of the dates indicated above.

The pro forma adjustments were based upon available information at the date of this filing and upon certain assumptions as described in the notes to the unaudited pro forma condensed financial statements that our management believes are reasonable under the circumstances.

The unaudited pro forma financial statements and accompanying notes should be read in conjunction with our historical financial statements and accompanying notes thereto, and our "Management's Discussion and Analysis of Financial Condition and Results of Operations", in our Quarterly Report on Form 10-Q for the nine months ended October 31, 2019 and Annual Report on Form 10-K for the year ended January 31, 2019 and January 31, 2018.

STREAMLINE HEALTH SOLUTIONS, INC.
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(rounded to the nearest thousand dollars, except share information)
(Unaudited)

	As of October 31, 2019 As Reported	Disposition of ECM Business	Pro Forma Adjustments (Note 2)	As Adjusted
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,220,000	$ -	$ 6,500,000	$ 7,720,000
Accounts receivable, net	2,214,000	(454,000)	-	1,760,000
Contract receivables	704,000	(65,000)	-	639,000
Prepaid and other current assets	1,285,000	(534,000)	-	751,000
Total current assets	5,423,000	(1,053,000)	6,500,000	10,870,000
Non-current assets:				
Property and equipment, net	175,000	(68,000)	-	107,000
Contract receivables, less current portion	355,000	-	-	355,000
Capitalized software development costs, net	7,785,000	(2,002,000)	-	5,783,000
Intangible assets, net	1,245,000	-	-	1,245,000
Goodwill	15,537,000	(4,928,000)	-	10,609,000
Other	756,000	(12,000)	800,000	1,544,000
Total non-current assets	25,853,000	(7,010,000)	800,000	19,643,000
Total assets	$ 31,276,000	$ (8,063,000)	$ 7,300,000	$ 30,513,000
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 629,000	$ (121,000)	$ -	$ 508,000
Accrued expenses	1,407,000	(89,000)	-	1,318,000
Current portion of term loan	3,472,000	-	(3,472,000)	-
Deferred revenues	6,310,000	(3,469,000)	-	2,841,000
Royalty liability	953,000	-	-	953,000
Other	94,000	(22,000)	-	72,000
Total current liabilities	12,865,000	(3,701,000)	(3,472,000)	5,692,000
Non-current liabilities:				
Deferred revenues, less current portion	123,000	(92,000)	-	31,000
Other	19,000	(18,000)	-	1,000
Total non-current liabilities	142,000	(110,000)	-	32,000
Total liabilities	13,007,000	(3,811,000)	(3,472,000)	5,724,000
Common stock	308,000	-	-	308,000
Additional paid in capital	94,970,000	-	-	94,970,000
Accumulated deficit	(77,009,000)	(4,252,000)	10,772,000	(70,489,000)
Total stockholders' equity	18,269,000	(4,252,000)	10,772,000	24,789,000
Total liabilities and stockholders' equity	$ 31,276,000	$ (8,063,000)	$ 7,300,000	$ 30,513,000

STREAMLINE HEALTH SOLUTIONS, INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(rounded to the nearest thousand dollars, except share information)
(Unaudited)

	Nine Months Ended October 31, 2019 As Reported (Note 1)	Pro Forma Adjustments (Note 2)	As Adjusted	Fiscal Year Ended January 31, 2019 As Reported	Pro Forma Adjustments (Note 2)	As Adjusted	Fiscal Year Ended January 31, 2018 As Reported	Pro Forma Adjustments (Note 2)	As Adjusted
Revenues:									
System sales	$ 1,046,000	$ (78,000)	$ 968,000	$ 2,472,000	$ (662,000)	$ 1,810,000	$ 1,343,000	$ (166,000)	$ 1,177,000
Professional services	1,615,000	(513,000)	1,102,000	1,336,000	(468,000)	868,000	2,744,000	(982,000)	1,762,000
Audit Services	1,266,000	-	1,266,000	1,118,000	-	1,118,000	1,216,000	-	1,216,000
Maintenance and support	8,537,000	(4,507,000)	4,030,000	12,586,000	(5,965,000)	6,621,000	13,171,000	(6,506,000)	6,665,000
Software as a service	3,474,000	(1,636,000)	1,838,000	4,853,000	(2,632,000)	2,221,000	5,864,000	(2,759,000)	3,105,000
Total revenues	15,938,000	(6,734,000)	9,204,000	22,365,000	(9,727,000)	12,638,000	24,338,000	(10,413,000)	13,925,000
Operating expenses:									
Cost of system sales	391,000	227,000	618,000	942,000	(852,000)	90,000	1,946,000	(904,000)	1,042,000
Cost of professional services	1,616,000	(354,000)	1,262,000	2,657,000	(593,000)	2,064,000	2,401,000	(909,000)	1,492,000
Cost of audit services	949,000	-	949,000	1,373,000	-	1,373,000	1,604,000	-	1,604,000
Cost of maintenance and support	1,275,000	(731,000)	544,000	2,173,000	(1,179,000)	994,000	2,904,000	(1,084,000)	1,820,000
Cost of software as a service	936,000	(464,000)	472,000	992,000	(947,000)	45,000	1,319,000	(1,302,000)	17,000
Selling, general and administrative expense	7,745,000	(191,000)	7,554,000	10,554,000	(235,000)	10,319,000	11,434,000	(375,000)	11,059,000
Research and development	2,385,000	(634,000)	1,751,000	4,261,000	(317,000)	3,944,000	5,352,000	(629,000)	4,723,000
Executive transition cost	621,000	-	621,000	3,681,000	-	3,681,000	-	-	-
Loss on exit of operating lease	-	-	-	1,034,000	-	1,034,000	-	-	-
Total operating expenses	15,918,000	(2,147,000)	13,771,000	27,667,000	(4,379,000)	23,544,000	26,960,000	(5,203,000)	21,757,000
Operating (loss) income	20,000	(4,587,000)	(4,567,000)	(5,302,000)	(5,348,000)	(10,906,000)	(2,622,000)	(5,210,000)	(7,832,000)
Other expense:									
Interest expense	(239,000)		(239,000)	(384,000)	-	(384,000)	(474,000)	-	(474,000)
Miscellaneous expense	(224,000)	25,000	(199,000)	(179,000)	7,000	(172,000)	(87,000)	(14,000)	(101,000)
Loss before income taxes	(443,000)	(4,562,000)	(5,005,000)	(5,865,000)	(5,341,000)	(11,462,000)	(3,183,000)	(5,224,000)	(8,407,000)
Income tax expense	(16,000)	-	(16,000)	-	-	-	84,000		84,000
Net loss	(459,000)	(4,562,000)	(5,021,000)	(5,865,000)	(5,341,000)	(11,462,000)	(3,099,000)	(5,224,000)	(8,323,000)
Add: Redemption of Series A Preferred Stock	4,894,000	-	4,894,000	-	-	-	-		-
Net income (loss) attributable to common shareholders	$ 4,435,000	$ (4,562,000)	$ (127,000)	$ (5,865,000)	$ (5,341,000)	$ (11,462,000)	$ (3,099,000)	$ (5,224,000)	$ (8,323,000)
Net loss per common share – basic	$ 0.22		$ (0.01)	$ (0.30)		$ (0.59)	$ (0.16)		$ (0.44)
Weighted average number of common shares – basic	20,435,055		20,435,055	19,540,980		19,540,980	19,090,899		19,090,899
Net loss per common share – diluted	$ (0.02)		$ (0.25)	$ (0.30)		$ (0.59)	$ (0.16)		$ (0.44)
Weighted average number of common shares – diluted	20,435,055		20,435,055	19,540,980		19,540,980	19,090,899		19,090,899

STREAMLINE HEALTH SOLUTIONS, INC.
NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(rounded to the nearest thousand dollars)
(Unaudited)

NOTE 1. Basis of Pro Forma Presentation

On December 17, 2019, Streamline Health Solutions, Inc. (the "Company") entered into an agreement with respect to the sale of its Enterprise Content Management assets and operations (the "ECM Business") to Hyland Software, Inc. ("Hyland"). The unaudited pro forma consolidated statements of operations for the nine months ended October 31, 2019, the twelve months ended January 31, 2019 and the twelve months ended January 31, 2018, have been prepared in accordance with the SEC's pro forma rules under S-X Article 11 assuming that the sale of the ECM Business occurred as of February 1, 2017, the first day of the first year presented. The unaudited pro forma balance sheet as of October 31, 2019 has been prepared assuming the sale of the ECM Business was consummated as of that date. All material adjustments required to reflect the consummation of the sale of the ECM Business are set forth in the columns labeled "Pro Forma Adjustments." The data contained in the columns labeled "As Reported", is derived from the Company's historical unaudited balance sheet as of October 31, 2019 and consolidated statements of operations for the nine months ended October 31, 2019, the twelve months ended January 31, 2019 and the twelve months ended January 31, 2018.

The historical unaudited consolidated balance sheet as of October 31, 2019 reflects the reported assets, liabilities, and stockholders' equity of the Company with the proposed sale of assets by the Company, consisting principally of our ECM Business, referred to as the "Purchased Assets".

Immaterial Correction of Errors

In connection with the preparation of the Company's financial statements for the third quarter ended October 31, 2019, the Company discovered certain errors in "Capitalized software development costs" and related amortization expense for previous periods. The errors resulted from (i) assets that did not begin to be amortized timely, and (ii) an incorrect method of amortizing the assets.

The assets that did not begin amortizing timely resulted from an administrative error, while the incorrect method of amortization was related to a misapplication of GAAP. Certain general release documentation was not prepared timely, and distributed, and, accordingly, the Company did not place certain enhancements into service and begin amortization.

Further, the Company has corrected its underlying financial records to utilize the "carry-over" method for amortizing capitalized software development cost. Under the "carry-over" method, the costs of the enhancements are added to the unamortized costs of the previous version of the product and the combined amount is amortized over the remaining useful life of the product. Including unamortized cost of the original product with the cost of the enhancement for purposes of applying the net realizable value test and amortization provisions is consistent with accounting guidance for software companies that improve their software and discontinue selling or marketing the older versions. While this method reduced amortization of the underlying assets, the Company's evaluation of the net book value of the underlying software development assets in relation to net realizable value and future cash flows each period ensured the carrying value was not in excess of the net realizable value of a solution for any period. Further, in accordance with guidance for software companies under ASC 985, the Company ensures that amortization is the greater of (i) the ratio of the software product's current gross revenues to the total of current and expected gross revenues or (ii) straight-line over the remaining useful economic life of the software. The Company continues to monitor its estimated useful life on the underlying products, taking into consideration the product, the market and the industry.

The two corrections relating to the amortization of capitalized software development costs off-set one another in certain previous periods. Additionally, the differences between (i) the amounts calculated, as adjusted for these corrections, and (ii) the amount recorded in previous periods substantially self-corrected by the end of the third quarter, October 31, 2019.

The Company, in consultation with the Audit Committee of the Board of Directors, evaluated the effect of these adjustments on the Company's financial statements under Accounting Standards Codification ("ASC") 250: *Accounting Changes and Error Corrections and Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* and determined it was not necessary to restate its previously issued financial statements, or unaudited interim period financial statements, because the errors did not materially misstate any previously issued financial statements and the correction of the errors in the current fiscal year is also not material. The Company looked at both quantitative and qualitative characteristics of the required corrections.

The net impact of these errors resulted in a $214,000 and $532,000 understatement of amortization expense for capitalized software development costs for the three- and nine-month periods ended October 31, 2019, respectively. The Company's previously reported amortization expense for capitalized software development costs was misstated by the following amounts:

Period	**Overstatement / (Understatement) of Amortization Expense**
Prior to fiscal year ended January 31, 2019	$ 532,000
Three months ended April 30, 2019	$ (153,000)
Three months ended July 31, 2019	$ (165,000)

NOTE 2. Adjustments to Unaudited Pro Forma Consolidated Balance Sheet

(a) To record as of October 31, 2019 (i) the expected net proceeds received from the sale of the ECM Business:

Gross consideration from the sale of ECM Business	$ 16,000,000
Customer Prepaid Maintenance	(3,228,000)
Estimated closing and transaction costs	(2,000,000)
Term loan payoff	(3,472,000)
Expected net proceeds from sale of assets	7,300,000
Less: Escrow Funds	(800,000)
Pro forma net cash proceeds from sale of assets	$ 6,500,000

(b) To eliminate the operating activity related to the Purchased Assets which includes, revenue, cost of revenues and operating expenses:

	Nine Months Ended October 31, 2019	Twelve Months Ended January 31, 2019	Twelve Months Ended January 31, 2018
Revenues:			
System sales	$ 78,000	$ 662,000	$ 166,000
Professional services	513,000	468,000	982,000
Maintenance and support	4,507,000	5,965,000	6,506,000
Software as a service	1,636,000	2,632,000	2,759,000
Total revenues	6,734,000	9,727,000	10,413,000
Operating expenses:			
Cost of system sales	(227,000)	852,000	904,000
Cost of professional services	354,000	593,000	909,000
Cost of maintenance and support	731,000	1,179,000	1,084,000
Cost of software as a service	464,000	947,000	1,302,000
Selling, general and administrative expense	191,000	235,000	375,000
Research and development	634,000	317,000	629,000
Total operating expenses	2,147,000	4,123,000	5,203,000
Operating income	4,587,000	5,604,000	5,210,000
Other expense:			
Miscellaneous (expense) income	(25,000)	(7,000)	14,000
Income before income taxes	4,562,000	5,597,000	5,224,000
Income tax expense	-	-	-
Net income	$ 4,562,000	$ 5,597,000	$ 5,224,000

Exhibit 99.2

UNAUDITED FINANCIAL STATEMENTS OF THE ECM BUSINESS OF STREAMLINE HEALTH SOLUTIONS, INC.

The following unaudited financial statements, for fiscal years ended January 31, 2019 and 2018, and the interim period ended October 31, 2019, were prepared to present, pursuant to the Asset Purchase Agreement, the assets to be acquired, the liabilities to be assumed, and the related revenues and direct expenses of the ECM Business.

The accompanying financial statements have been prepared from the Company's historical accounting records and do not purport to reflect the revenues and direct expenses that would have resulted if the ECM Business had been a separate, stand-alone business during the periods presented. It is not practicable for management to reasonably estimate expenses that would have resulted if the ECM Business had operated as an unaffiliated, independent business. Since only certain assets are to be acquired and certain liabilities are to be assumed, a balance sheet and statement of stockholders' equity are not applicable.

As an operating segment of the Company, the ECM Business is dependent upon the Company for all of its working capital and financing requirements.

The unaudited financial statements and accompanying notes should be read in conjunction with our historical financial statements and accompanying notes thereto, and our "Management's Discussion and Analysis of Financial Condition and Results of Operations", in our Quarterly Report on Form 10-Q for the nine months ended October 31, 2019 and Annual Report on Form 10-K for the years ended January 31, 2019 and January 31, 2018.

THE ENTERPRISE CONTENT MANAGEMENT BUSINESS
CONDENSED BALANCE SHEETS
(rounded to the nearest thousand dollars)
(Unaudited)

	October 31, 2019	January 31, 2019	January 31, 2018
Current assets:			
Accounts receivable, net	$ 454,000	$ 1,304,000	$ 865,000
Contract receivables	65,000	43,000	-
Prepaid and other current assets	534,000	458,000	608,000
Total current assets	1,053,000	1,805,000	1,473,000
Non-current assets:			
Property and equipment, net	68,000	148,000	365,000
Capitalized software development costs, net	2,002,000	1,221,000	1,521,000
Goodwill	4,928,000	4,928,000	4,928,000
Other	12,000	37,000	68,000
Total non-current assets	7,010,000	6,334,000	6,882,000
Total assets	$ 8,063,000	$ 8,139,000	$ 8,355,000
Current liabilities:			
Accounts payable	$ 121,000	$ 430,000	$ 334,000
Accrued expenses	89,000	138,000	100,000
Deferred revenues	3,469,000	4,570,000	4,602,000
Other	22,000	22,000	-
Total current liabilities	3,701,000	5,160,000	5,036,000
Non-current liabilities:			
Deferred revenues, less current portion	92,000	35,000	93,000
Other	18,000	35,000	-
Total non-current liabilities	110,000	70,000	93,000
Total liabilities	3,811,000	5,230,000	5,129,000
Intracompany investment	4,252,000	2,909,000	3,226,000
Total liabilities and intracompany investment	$ 8,063,000	$ 8,139,000	$ 8,355,000

THE ENTERPRISE CONTENT MANAGEMENT BUSINESS
CONDENSED STATEMENTS OF OPERATIONS
(rounded to the nearest thousand dollars)
(Unaudited)

	Nine Months Ended October 31, 2019	Twelve Months Ended January 31, 2019	Twelve Months Ended January 31, 2018
Revenues:			
System sales	$ 78,000	$ 662,000	$ 166,000
Professional services	513,000	468,000	982,000
Maintenance and support	4,507,000	5,965,000	6,506,000
Software as a service	1,636,000	2,632,000	2,759,000
Total revenues	6,734,000	9,727,000	10,413,000
Operating expenses:			
Cost of system sales	(227,000)	852,000	904,000
Cost of professional services	354,000	593,000	909,000
Cost of maintenance and support	731,000	1,179,000	1,084,000
Cost of software as a service	464,000	947,000	1,302,000
Selling, general and administrative expense	191,000	235,000	375,000
Research and development	634,000	317,000	629,000
Total operating expenses	2,147,000	4,123,000	5,203,000
Operating income	4,587,000	5,604,000	5,210,000
Other expense:			
Miscellaneous (expense) income	(25,000)	(7,000)	14,000
Income before income taxes	4,562,000	5,597,000	5,224,000
Income tax expense	-	-	-
Net income	$ 4,562,000	$ 5,597,000	$ 5,224,000

THE ENTERPRISE CONTENT MANAGEMENT BUSINESS
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
(rounded to the nearest thousand dollars)
(Unaudited)

NOTE A. DESCRIPTION OF BUSINESS

Streamline Health Solutions, Inc. and its subsidiary ("we", "us", "our", "Streamline", or the "Company") operates in one segment as a provider of healthcare information technology solutions and associated services. The Company provides these capabilities through the licensing of its HIM, Coding & CDI, eValuator Coding Analysis Platform, Financial Management and Patient Care solutions and other workflow software applications and the use of such applications by software as a service ("SaaS"). The Company also provides audit services to help clients optimize their internal clinical documentation and coding functions, as well as 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 patient clinical, financial and other healthcare provider information related to the patient revenue cycle. The enterprise content management business (the "ECM Business"), as a business line of the Company, provides the software and services that enable hospitals and integrated healthcare delivery systems in the United States and Canada to capture, store, manage, route, retrieve and process patient clinical, financial and other healthcare provider information related to the patient revenue cycle.

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 calendar year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. The accompanying unaudited condensed financial statements of the ECM Business have been prepared by management without audit and should be read in conjunction with the Company's financial statements, including the notes thereto, appearing in the Company's Quarterly Report on Form 10-Q and Annual Report for the nine months ended October 31, 2019, the twelve months ended January 31, 2019 and the twelve months ended January 31, 2018, respectively. In the opinion of management, all adjustments necessary for a fair presentation of the financial position and results of operations for the periods indicated, have been made. Management believes that the assumptions in the unaudited condensed financial statements of the ECM Business are reasonable. The results of operations for the ECM Business for the periods presented are not necessarily indicative of operating results that may be achieved if the ECM Business were a standalone company.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Immaterial Correction of Errors

In connection with the preparation of the Company's financial statements for the third quarter ended October 31, 2019, the Company discovered certain errors in "Capitalized software development costs" and related amortization expense for previous periods. The errors resulted from (i) assets that did not begin to be amortized timely, and (ii) an incorrect method of amortizing the assets.

The assets that did not begin amortizing timely resulted from an administrative error, while the incorrect method of amortization was related to a misapplication of GAAP. Certain general release documentation was not prepared timely, and distributed, and, accordingly, the Company did not place certain enhancements into service and begin amortization.

Further, the Company has corrected its underlying financial records to utilize the “carry-over” method for amortizing capitalized software development cost. Under the “carry-over” method, the costs of the enhancements are added to the unamortized costs of the previous version of the product and the combined amount is amortized over the remaining useful life of the product. Including unamortized cost of the original product with the cost of the enhancement for purposes of applying the net realizable value test and amortization provisions is consistent with accounting guidance for software companies that improve their software and discontinue selling or marketing the older versions. While this method reduced amortization of the underlying assets, the Company’s evaluation of the net book value of the underlying software development assets in relation to net realizable value and future cash flows each period ensured the carrying value was not in excess of the net realizable value of a solution for any period. Further, in accordance with guidance for software companies under ASC 985, the Company ensures that amortization is the greater of (i) the ratio of the software product’s current gross revenues to the total of current and expected gross revenues or (ii) straight-line over the remaining useful economic life of the software. The Company continues to monitor its estimated useful life on the underlying products, taking into consideration the product, the market and the industry.

The differences between (i) the amounts calculated, as adjusted for these corrections, and (ii) the amount recorded in previous periods substantially self-corrected by the end of the third quarter, October 31, 2019.

Fair Values of Financial Instruments and Concentration of Credit Risk

The carrying amounts of our financial instruments included in current assets and liabilities approximate fair value due to their short-term nature. Financial instruments, which potentially subject us to significant concentrations of credit risk, consist primarily of trade accounts receivable.

Receivables

Accounts and contract receivables are comprised of amounts owed to the Company for licensed software, professional services, including coding audit, 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 periodically by management. Each identified receivable is reviewed based upon the most recent information available 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 periodic 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 approximately $25,000, $208,000 and $89,000 at October 31, 2019 January 31, 2019 and 2018, respectively. The Company believes that its reserve is adequate, however results may differ in future periods.

Impairment of Long-Lived Assets

The Company reviews the carrying value of long-lived assets for impairment whenever facts and circumstances exist that would suggest that assets might be impaired or that the useful lives should be modified. Among the factors that the Company considers in making the evaluation are changes in market position and profitability. If facts and circumstances are present which may indicate that the carrying amount of the assets may not be recoverable, the Company will prepare a projection of the undiscounted cash flows of the specific asset or asset group 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 values.

Capitalized Software Development Costs

Software development costs for software to be sold, leased, or marketed 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 design phase of software development are classified as research and development costs and are expensed as incurred. Once technological feasibility has been established, 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 included in Cost of system sales on the condensed statements of operations. Annual amortization is measured at the greater of a) the ratio of the software product's current gross revenues to the total of current and expected gross revenues or b) straight-line over the remaining economic life of the software (typically three to five years). Unamortized capitalized costs determined to be in excess of the net realizable value of a solution are expensed at the date of such determination. Capitalized software development costs for software to be sold, leased, or marketed, net of accumulated amortization, totaled $2,002,000, $ 1,221,000 and $1,521,000 as of October 31, 2019, January 31, 2019 and January 31, 2018, respectively.

The estimated useful lives of software (including software to be sold and internal-use software) are reviewed frequently and adjusted as appropriate to reflect upcoming development activities that may include significant upgrades and/or enhancements to the existing functionality. The Company reviews, on an on-going basis, the carrying value of its capitalized software development expenditures, net of accumulated amortization.

Revenue Recognition

The ECM Business recognized revenue for all periods presented in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company commences revenue recognition (Step 5 below) in accordance with that core principle after applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company follows the accounting revenue guidance under ASC 606 to determine whether contracts contain more than one performance obligation. Performance obligations are the unit of accounting for revenue recognition and generally represent the distinct goods or services that are promised to the customer. Revenue is recognized net of any taxes collected from customers and subsequently remitted to governmental authorities.

If the Company determines that it has not satisfied a performance obligation, the Company will defer recognition of the revenue until the performance obligation is deemed to be satisfied. Maintenance and support and SaaS agreements are generally non-cancelable or contain significant penalties for early cancellation, although clients typically have the right to terminate their contracts for cause if it fails to perform material obligations. However, if non-standard acceptance periods, non-standard performance criteria, or cancellation or right of refund terms are required, revenue is recognized upon the satisfaction of such criteria.

Significant judgment is required to determine the standalone selling price ("SSP") for each performance obligation, the amount allocated to each performance obligation and whether it depicts the amount that the Company expects to receive in exchange for the related product and/or service. As the selling prices of the Company's software licenses are highly variable, the Company estimates SSP of its software licenses using the residual approach when the software license is sold with other services and observable SSPs exist for the other services. The Company estimates the SSP for maintenance, professional services, and audit services based on observable standalone sales.

Contract Combination

The Company may execute more than one contract or agreement with a single customer. The Company evaluates whether the agreements were negotiated as a package with a single objective, whether the amount of consideration to be paid in one agreement depends on the price and/or performance of another agreement, or whether the good or services promised in the agreements represent a single performance obligation. The conclusions reached can impact the allocation of the transaction price to each performance obligation and the timing of revenue recognition related to those arrangements.

Systems Sales

The Company's software license arrangements provide the customer with the right to use functional intellectual property. Implementation, support, and other services are typically considered distinct performance obligations when sold with a software license unless these services are determined to significantly modify the software. Revenue is recognized at a point in time. Typically, this is upon shipment of components or electronic download of software.

Maintenance and Support Services

Our maintenance and support obligations include multiple discrete performance obligations, with the two largest being unspecified product upgrades or enhancements, and technical support, which can be offered at various points during a contract period. The Company believes that the multiple discrete performance obligations within our overall maintenance and support obligations can be viewed as a single performance obligation since both the unspecified upgrades and technical support are activities to fulfill the maintenance performance obligation and are rendered concurrently. Maintenance and support agreements entitle clients to technology support, version upgrades, bug fixes and service packs. The Company recognizes maintenance and support revenue ratably over the contract term as this best depicts the access to unspecified upgrades and support provided over time.

Software as a Service

SaaS-based contracts include use of the Company's platform, implementation, support and other services which represent a single promise to provide continuous access to its software solutions. The Company recognizes revenue ratably over the contract term. The Company defers the direct costs, which include salaries, benefits and contractor fees, for professional services related to SaaS contracts. These deferred costs will be amortized ratably over the identical term as the associated revenues. As of October 31, 2019, January 31, 2019 and January 31, 2018, the ECM Business had deferred costs of $7,000, $37,000 and $68,000 respectively, net of accumulated amortization of $45,000, $15,000 and $150,000, respectively. Amortization expense of these costs was $8,000, $11,000 and $52,000 for the nine months ended October 31, 2019, fiscal years ended January 31, 2019 and 2018, respectively.

Contract Receivables and Deferred Revenues

The Company receives payments from customers based upon contractual billing schedules. Contract receivables include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Deferred revenues include payments received in advance of performance under the contract. Our contract receivables and deferred revenue are reported on an individual contract basis at the end of each reporting period. Contract receivables are classified as current or noncurrent based on the timing of when the Company expects to bill the customer. Deferred revenue is classified as current or noncurrent based on the timing of when the Company expects to recognize revenue. In the nine-month period ended October 31, 2019 the ECM Business recognized $3,922,000 in revenue from deferred revenues outstanding as of January 31, 2019.

Transaction price allocated to the remaining performance obligations

Revenue allocated to remaining performance obligations represents contracted revenue that will be recognized in future periods, which is comprised of deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. Revenue allocated to remaining performance obligations for the ECM Business was $8 million as of October 31, 2019, of which the Company expects to recognize approximately 87% over the next 12 months and the remainder thereafter.

NOTE C — GOODWILL

Pursuant to the guidance in ASC 350-20-35-45 and 35-46, the Company assigned goodwill to the ECM Business based on a relative fair value allocation approach. As such, the goodwill amounts allocated to the ECM Business were derived from the goodwill balances of Streamline Health Solutions, Inc., therefore, the Company believes the goodwill amounts allocated carry with them the results of its previously performed goodwill impairment tests. Accordingly, upon allocation, there was no impairment testing performed for the historical periods presented.

NOTE D — MAJOR CLIENTS

During the nine months ended October 31, 2019, one individual client accounted for 10% or more of the ECM Business total revenues. Two clients represented 22% and 21%, respectively, of total accounts receivable as of October 31, 2019.

During the fiscal years ended January 31, 2019, one individual client accounted for 10% or more of the ECM Business total revenues. Two clients represented 15% and 10%, respectively, of total accounts receivable as of January 31, 2019.

During the fiscal years ended January 31, 2018, three individual clients accounted for 10% or more of the ECM Business total revenues. Two clients represented 16% and 14%, respectively, of total accounts receivable as of January 31, 2018.

Exhibit 99.3

Streamline Health® Closes on Sale of Legacy Enterprise Content Management (ECM) Business

Exit of legacy business to enable Streamline to focus on growth of SaaS-based product portfolio

Atlanta, GA – February 25, 2020 – Streamline Health Solutions, Inc. (NASDAQ: STRM), provider of integrated solutions, technology-enabled services and analytics supporting revenue cycle optimization for healthcare enterprises, today announced that it had closed its previously announced asset sale transaction with Hyland of Westlake, Ohio to sell its legacy Enterprise Content Management (ECM) business for total consideration of $16 million, subject to certain adjustments for customer prepayments.

Proceeds from the sale will be used by the Company to pay off its term loan with Bridge Bank, and to fund continuing development and incremental investment in sales and marketing in support of its eValuator™ cloud-based pre- or post-bill coding analysis platform.

“Our mission is to lead an industry movement to have every healthcare provider use pre-bill technology to improve their financial performance,” stated Tee Green, President and Chief Executive Officer, Streamline Health. “By exiting our declining legacy ECM business , we have positioned our Company to be laser-focused on driving revenue growth with our powerful SaaS-based software solutions and services. This is the culmination of our multi-year plan to be thought leaders in the mid-revenue cycle space. Our plan is to invest in product management, sales and marketing primarily in support of our eValuator pre-bill coding analysis platform.”

About Streamline Health

Streamline Health Solutions, Inc. (NASDAQ: STRM) is a healthcare industry leader in capturing, aggregating, and translating enterprise data into knowledge – providing actionable insights that support revenue cycle optimization for healthcare enterprises. We deliver integrated solutions and analytics that enable providers to drive reimbursement in a value-based world. We share a common calling and commitment to advance the quality of life and the quality of healthcare – for society, our clients, the communities they serve, and the individual patient. For more information, please visit our website at www.streamlinehealth.net.

<u>Safe Harbor statement under the Private Securities Litigation Reform Act of 1995</u>

Statements made by Streamline Health Solutions, Inc. that are not historical facts are forward-looking statements that are subject to certain risks, uncertainties and important factors that could cause actual results to differ materially from those reflected in the forward-looking statements included herein. Forward-looking statements contained in this press release include, without limitation, statements regarding the Company's future performance, growth and market opportunities, investments in sales and marketing related to the development of the Company's eValuator product and use of proceeds from the sale of the ECM business, and updated revenue guidance. These risks and uncertainties include, but are not limited to, the timing of contract negotiations and execution of contracts and the related timing of the revenue recognition related thereto, the potential cancellation of existing contracts or clients not completing projects included in the backlog, the impact of competitive solutions and pricing, solution demand and market acceptance, new solution development and enhancement of current solutions, key strategic alliances with vendors and channel partners that resell the Company's solutions, the ability of the Company to control costs, the effects of cost-containment measures implemented by the Company, availability of solutions from 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, effects of critical accounting policies and judgments, changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other similar entities, changes in economic, business and market conditions impacting the healthcare industry generally and the markets in which the Company operates and nationally, and the Company's ability to maintain compliance with the terms of its credit facilities, and other risks detailed from time to time in the Streamline Health Solutions, Inc. filings with the U. S. Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Company Contact:
Randy Salisbury
SVP, Chief Marketing Officer
(404) 229-4242
randy.salisbury@streamlinehealth.net