

STREAMLINE HEALTH SOLUTIONS INC.

Form 10-Q

July 24, 2014

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 30, 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)

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

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

The number of shares outstanding of the Registrant's Common Stock, \$.01 par value, as of July 21, 2014: 18,178,454

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## PART I. FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

## STREAMLINE HEALTH SOLUTIONS, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	April 30, 2014	January 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$6,965,739	\$17,924,886
Accounts receivable, net of allowance for doubtful accounts of \$253,080 and \$267,264, respectively	9,002,126	7,999,571
Contract receivables	195,841	1,181,606
Prepaid hardware and third-party software for future delivery	27,510	25,640
Prepaid client maintenance contracts	1,095,009	909,464
Other prepaid assets	1,919,881	1,407,515
Deferred income taxes	95,498	95,498
Other current assets	78,587	144,049
Total current assets	19,380,191	29,688,229
Non-current assets:		
Property and equipment:		
Computer equipment	3,830,157	3,769,564
Computer software	2,320,557	2,239,654
Office furniture, fixtures and equipment	900,900	889,080
Leasehold improvements	1,172,070	697,570
	8,223,684	7,595,868
Accumulated depreciation and amortization	(6,827,484	) (6,676,824 )
Property and equipment, net	1,396,200	919,044
Capitalized software development costs, net of accumulated amortization of \$9,085,345 and \$7,949,352, respectively	11,537,757	10,238,357
Contract receivables, less current portion	69,684	78,395
Deferred financing costs, net of accumulated amortization of \$101,053 and \$98,102, respectively	41,947	44,898
Intangible assets, net	12,489,756	12,175,634
Goodwill	15,931,098	11,933,683
Other	781,725	500,634
Total non-current assets	42,248,167	35,890,645
	\$61,628,358	\$65,578,874

See accompanying notes to condensed consolidated financial statements.

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	April 30, 2014	January 31, 2014
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$1,780,392	\$1,796,418
Accrued compensation	1,567,606	1,782,599
Accrued other expenses	801,963	554,877
Current portion of long-term debt	1,214,280	1,214,280
Deferred revenues	9,336,655	9,658,232
Current portion of note payable	300,000	300,000
Current portion of capital lease obligation	112,345	105,573
Total current liabilities	15,113,241	15,411,979
Non-current liabilities:		
Term loans	6,665,076	6,971,767
Warrants liability	2,979,704	4,117,725
Royalty liability	2,302,200	2,264,000
Swap contract	132,800	111,086
Note payable	600,000	600,000
Lease incentive liability, less current portion	67,641	74,434
Capital lease obligation	100,789	121,089
Deferred income tax liabilities	825,677	816,079
Total non-current liabilities	13,673,887	15,076,180
Total liabilities	28,787,128	30,488,159
Series A 0% Convertible Redeemable Preferred Stock, \$.01 par value per share, \$8,849,985 and \$8,849,985 redemption value, 4,000,000 shares authorized, 2,949,995 and 2,949,995 shares issued and outstanding, net of unamortized preferred stock discount of \$3,020,551 and \$3,250,317, respectively	5,829,434	5,599,668
Stockholders' equity:		
Common stock, \$.01 par value per share, 25,000,000 shares authorized; 18,176,120 and 18,175,787 shares issued and outstanding, respectively	181,761	181,758
Additional paid in capital	77,196,787	76,983,088
Accumulated deficit	(50,233,952 )	(47,562,713 )
Accumulated other comprehensive loss	(132,800 )	(111,086 )
Total stockholders' equity	27,011,796	29,491,047
	\$61,628,358	\$65,578,874

See accompanying notes to condensed consolidated financial statements.

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STREAMLINE HEALTH SOLUTIONS, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 Three Months Ended April 30,  
 (Unaudited)

	Three Months Ended	
	2014	2013
Revenues:		
Systems sales	\$ 339,205	\$ 324,646
Professional services	608,951	919,351
Maintenance and support	4,171,812	3,380,600
Software as a service	1,831,202	1,848,741
Total revenues	6,951,170	6,473,338
Operating expenses:		
Cost of systems sales	835,468	638,597