

STREAMLINE HEALTH SOLUTIONS INC.

Form 10-Q

December 08, 2006

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q**

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

For the quarterly period ended October 31, 2006

or

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

For the transition period from _____ to _____

**Commission File Number: 0-28132
STREAMLINE HEALTH SOLUTIONS, INC.
(Exact name of registrant as specified in its charter)**

Delaware
(State or other jurisdiction of
incorporation or organization)

31-1455414
(I.R.S. Employer
Identification No.)

10200 Alliance Road, Suite 200
Cincinnati, Ohio 45242-4716
(Address of principal executive offices) (Zip Code)
(513) 794-7100

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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

Number of shares of Registrant's Common Stock (\$.01 par value per share) issued and outstanding, as of December 1, 2006: 9,211,399.

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PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STREAMLINE HEALTH SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
Assets

	(Unaudited) October 31, 2006	(Audited) January 31, 2006
Current assets:		
Cash	\$ 1,640,225	\$ 4,634,219
Accounts receivable, net of allowance for doubtful accounts of \$200,000, respectively	1,961,596	2,117,495
Contract receivables	2,286,239	2,268,913
Prepaid expenses	599,773	366,731
Deferred tax asset	601,000	601,000
Total current assets	7,088,833	9,988,358
Property and equipment:		
Computer equipment	2,353,969	2,120,321
Computer software	1,083,440	989,556
Office furniture, fixtures and equipment	782,768	736,858
Leasehold improvements	543,318	522,863
	4,763,495	4,369,598
Accumulated depreciation and amortization	(3,240,928)	(2,666,784)
	1,522,567	1,702,814
Contract receivables	728,541	728,541
Capitalized software development costs, net of accumulated amortization of \$4,845,734 and \$4,033,232, respectively	3,249,859	2,706,697
Other, including deferred taxes of \$1,274,000, respectively	1,305,861	1,306,741
	\$ 13,895,661	\$ 16,433,151

See Notes to Condensed Consolidated Financial Statements.

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STREAMLINE HEALTH SOLUTIONS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 Liabilities and Stockholders' Equity

	(Unaudited) October 31, 2006	(Audited) January 31, 2006
Current liabilities:		
Accounts payable	\$ 365,627	\$ 1,055,539
Accrued compensation	446,580	1,139,587
Accrued other expenses	615,363	744,112
Deferred revenues	2,739,739	2,617,184
Current portion of long-term debt	1,000,000	1,000,000
Current portion of capitalized leases	89,450	84,951
 Total current liabilities	 5,256,759	 6,641,373
 Capitalized leases	 79,390	 147,051
Long-term debt		1,000,000
Non-current lease incentives	241,474	293,409
 Stockholders' equity:		
Convertible redeemable preferred stock, \$.01 par value per share 5,000,000 shares authorized		
Common stock, \$.01 par value per share, 25,000,000 shares authorized, 9,211,399 and 9,159,541 shares issued, respectively	92,114	91,595
Capital in excess of par value	35,256,004	35,090,302
Accumulated (deficit)	(27,030,080)	(26,830,579)
 Total stockholders' equity	 8,318,038	 8,351,318
	\$ 13,895,661	\$ 16,433,151

See Notes to Condensed Consolidated Financial Statements.

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STREAMLINE HEALTH SOLUTIONS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 Three and Nine Months Ended October 31,
 (Unaudited)

	Three Months		Nine Months	
	2006	2005	2006	2005
Revenues:				
Systems sales	\$ 561,213	\$ 621,519	\$ 3,476,521	\$ 2,334,216
Services, maintenance and support	2,212,044	1,771,236	6,110,393	5,323,582
Application-hosting services	818,856	771,839	2,436,328	2,269,400
Total revenues	3,592,113	3,164,594	12,023,242	9,927,198
Operating expenses:				
Cost of systems sales	493,343	451,033	2,049,261	1,397,973
Cost of services, maintenance and support	956,938	786,290	2,649,273	2,290,288
Cost of application-hosting services	278,271	263,436	855,647	752,131
Selling, general and administrative	1,452,044	1,212,472	4,369,664	3,561,280
Product research and development	708,399	914,281	2,226,765	2,095,366
Total operating expenses	3,888,995	3,627,512	12,150,610	10,097,038
Operating income (loss)	(296,882)	(462,918)	(127,368)	(169,840)
Other income (expense):				
Interest income	11,774	27,317	64,274	65,208
Interest expense	(24,242)	(35,868)	(107,407)	(107,087)
Earnings (loss) before taxes	(309,350)	(471,469)	(170,501)	(211,719)
Income taxes	(25,000)	17,000	(29,000)	
Net earnings (loss)	\$ (334,350)	\$ (454,469)	\$ (199,501)	\$ (211,719)
Basic net earnings (loss) per common share	\$ (0.04)	\$ (0.05)	\$ (0.02)	\$ (0.02)
Diluted net earnings (loss) per common share	\$ (0.04)	\$ (0.05)	\$ (0.02)	\$ (0.02)
Number of shares used in per common share computations:				
Basic	9,211,399	9,131,237	9,190,028	9,108,911
Diluted	9,211,399	9,131,237	9,190,028	9,108,911

See Notes to Condensed Consolidated Financial Statements.

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STREAMLINE HEALTH SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended October 31,
(Unaudited)

	2006	2005
Operating activities:		
Net earnings (loss)	\$ (199,501)	\$ (211,719)
Adjustments to reconcile net earnings (loss) to net cash (used for) provided by operating activities:		
Depreciation and amortization	1,386,646	1,085,380
Share-based compensation expense	80,903	
Cash (used for) provided by assets and liabilities:		
Accounts and contract receivables	138,573	370,202
Other current assets	(233,042)	(65,297)
Accounts payable and accrued expenses	(1,511,668)	(37,210)
Deferred revenues	122,555	(420,959)
Net cash (used for) provided by operating activities	(215,534)	720,397
Investing activities:		
Purchases of property and equipment	(393,897)	(804,861)
Long-term lease incentive		(103,727)
Capitalization of software development costs	(1,355,664)	(900,000)
Other	(51,055)	154,532
Net cash (used for) investing activities	(1,800,616)	(1,654,056)
Financing activities:		
Repayment of long-term debt	(1,000,000)	
Payment of capitalized leases	(63,162)	(166,535)
Exercise of stock options and employee stock purchase plan	85,318	68,754
Net cash (used for) financing activities	(977,844)	(97,781)
(Decrease) in cash	(2,993,994)	(1,031,440)
Cash at beginning of period	4,634,219	4,181,073
Cash at end of period	\$ 1,640,225	\$ 3,149,633
Supplemental cash flow disclosures:		
Income taxes paid (refund)	\$ 66,537	\$ (27,864)
Interest paid	\$ 107,408	\$ 107,489

Leasehold improvements (included in property and equipment) paid for by the landlord as a lease inducement	\$	\$ 326,000
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See Notes to Condensed Consolidated Financial Statements.

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STREAMLINE HEALTH SOLUTIONS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 BASIS OF PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by Streamline Health Solutions, Inc. formerly known as LanVision Systems, Inc. (Streamline Health or the Company) without audit, in accordance with accounting principles generally accepted in the United States for interim financial information, pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q of the U. S. Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Condensed Consolidated Financial Statements have been included. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the most recent LanVision Systems, Inc. Annual Report on Form 10-K, Commission File Number 0-28132. Operating results for the three or nine months ended October 31, 2006, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2007.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company s significant accounting policies is presented beginning on page 39 of the LanVision Systems, Inc. fiscal year 2005 Annual Report on Form 10-K. Users of financial information for interim periods are encouraged to refer to the footnotes contained in the Annual Report when reviewing interim financial results. There has been no material change in the accounting policies followed by the Company during fiscal year 2006, except for the adoption and implementation of Financial Accounting Standards No. 123(R), *Share-Based Payment*, which requires expensing the fair value of equity awards effective the first quarter of fiscal year 2006. (See also note 4 below.)

Note 3 CHANGES IN BALANCE SHEET ACCOUNT BALANCES

The decrease in cash during the first nine months results primarily from the payment of \$1,000,000 in long-term debt and increased software capitalization.

Prepaid expenses consist of software and hardware awaiting installation (related to unrecognized revenue) and prepaid expenses, including commissions.

The increase in property and equipment is primarily the result of the acquisition of additional equipment to accommodate additional employees.

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Other non-current assets consist primarily of the deferred federal income tax asset relating to the net operating loss carry forward.

The decrease in accounts payable results primarily from the payment of invoices received and paid after the prior fiscal year end.

The decrease in accrued compensation results primarily from the payment of the higher than usual fiscal 2005 year end accrued bonuses paid subsequent thereto.

Note 4 EQUITY AWARDS

During the first nine months of the current fiscal year, the Company granted 30,000 equity awards (stock options).

During the same period, 30,000 stock options were forfeited and 24,667 stock options were exercised under all plans.

Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, established a fair value method of financial accounting and reporting for stock-based compensation plans. The Company elected to continue to account for stock options under the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* and, accordingly, adopted the disclosure only provisions of Statement 123 through fiscal year 2005. At October 31, 2006, the Company had two stock-based compensation plans. No stock-based compensation cost is reflected in the 2005 net earnings, as all options granted under the plans had exercise prices equal to the fair market value of the underlying common stock on the date of grant. The table below illustrates the effect on net earnings and earnings per share for the third quarter and nine months of fiscal year 2005 as if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, to stock-based employee compensation.

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	Three months 2005	Nine months 2005
Three & nine months ended October 31, 2005		
Net earnings (loss), as reported	\$ (454,469)	\$ (211,719)
Deduct: Total stock based compensation expense determined under the fair value based method for all awards, net of related tax effects	(24,450)	(50,948)
 Pro forma net earnings (loss)	 \$ (478,919)	 \$ (262,667)
 Earnings (loss) per share:		
Basic as reported	\$ (0.05)	\$ (0.02)
Basic pro forma	\$ (0.05)	\$ (0.02)
 Diluted as reported	 \$ (0.05)	 \$ (0.02)
Diluted pro forma	\$ (0.05)	\$ (0.02)

The assumptions used to calculate the fair value of equity awards granted are evaluated and revised, as necessary, to reflect current market conditions and prior experience.

In December 2004, the Financial Accounting Standards Board adopted Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment*. The statement establishes new accounting standards for entities which exchange equity instruments (e.g. stock options, restricted stock, stock appreciation rights (SARs), employee stock purchase plans, etc.) for goods or services. The Company adopted the standards of Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment*, effective the first quarter of fiscal year 2006, using the modified-prospective-transition method which requires expensing the fair value of the equity awards beginning in the fiscal period in which the recognition provisions are first applied. Based on the number of stock-based compensation equity awards currently outstanding, the impact on operating expense in fiscal year 2006 is currently expected to be approximately \$109,000. However, current grants that are not currently expected to vest and accordingly have not been expensed, and future grants of equity awards could have a material impact on reported expenses depending upon the number, value and vesting period of future awards.

As a result of adopting Statement 123(R) on February 1, 2006, the company's (loss) before income taxes and net (loss) for the three months and nine months ended October 31, 2006, are \$27,875 and \$80,903 greater, respectively, than if it had continued to account for share-based compensation under Opinion 25. Basic and diluted earnings (loss) per share for the three months and nine months ended October 31, 2006, respectively are not significantly different than if the company had continued to account for share-based compensation under Opinion 25.

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Pro forma information regarding the net earnings (loss) and net earnings (loss) per common share is required for 2005, and has been determined as if the Company had accounted for its stock options under the fair value method of that Statement.

The fiscal year 2005 fair value of all equity awards was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for: risk-free interest rate of 4.25%; a dividend yield of zero percent; a volatility factor of the expected market price of the Company's Common Stock of .842 and a weighted average expected life of five years.

The fiscal year 2006 fair value of all equity awards was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for: risk-free interest rate of 4.25%; a dividend yield of zero percent; a volatility factor of the expected market price of the Company's Common Stock of .842 and a weighted average expected life of five years.

The 25,000 outstanding SARs vest when certain performance criteria are met. The performance objectives are such that the recipient earns 100% or 0% of the number of SARs granted. Performance based SAR expense is recognized over the performance period based on the stock price at each reporting date, when satisfaction of the performance criteria is deemed probable. As the performance criteria as of October 31, 2006 was not deemed probable, no expense was recognized in the first three quarters of 2006.

Note 5 EARNINGS PER SHARE

The basic per common share is calculated using the weighted average number of common shares outstanding during the period.

The 2006 diluted net (loss) per common share calculation, excludes the effect of the common stock equivalents (stock options, stock appreciation rights (SAR) & warrants), as the inclusion thereof would be antidilutive. The Company had 451,500 option shares, 25,000 SAR's and 750,000 warrants outstanding at October 31, 2006 that were not included in the diluted net earnings per share calculations as the inclusion thereof would be antidilutive.

The 2005 diluted net (loss) per common share calculation, excludes the effect of the common stock equivalents (stock options & warrants), as the inclusion thereof would be antidilutive. The Company had approximately 515,442 option shares and 750,000 warrants outstanding at October 31, 2005 that were not included in the diluted net earnings per share calculations as the inclusion thereof would be antidilutive.

Note 6 CONTRACTUAL OBLIGATIONS

The following table details the remaining obligations, by fiscal year, as of the end of the quarter for the capitalized leases, long-term debt, other commitments and the operating leases.

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	Total	2006	2007	2008	2009	2010
Capitalized leases	\$ 180,229	\$ 24,577	\$ 98,306	\$ 57,346	\$	\$
Long-term debt	1,000,000		1,000,000			
Operating leases	1,333,797	77,439	398,551	350,228	342,484	165,095
Total	\$ 2,514,026	\$ 102,016	\$ 1,496,857	\$ 407,574	\$ 342,484	\$ 165,095

Capitalized Leases

During fiscal year 2005, Streamline Health acquired additional computer equipment for the application-hosting services data center, which are accounted for as capitalized leases. The amount of the computer equipment leased assets is \$267,237. The lease is payable monthly in installments of \$8,192, through August 2008. The present value of the future lease payments upon lease inception was \$267,237 using the interest rates implicit in the lease agreement at the inception of the lease.

Long-term Debt

In July 2004, the Company entered into a new three year working capital term loan agreement. The outstanding balance of the long-term debt of \$1,000,000 is secured by all of the assets of the Company and the loan agreement restricts the Company from incurring additional indebtedness for borrowed money, including capitalized leases, etc. without lender consent. The loan is repayable by July 30, 2007 and interest is payable quarterly, at the bank's prime rate (currently 8.25%). The Company complied with all of the provisions of its loan agreements during the period. In 1998, the Company issued a \$6,000,000 note which was repaid in full in July, 2004. In connection with the issuance of the note, the Company issued Warrants to purchase 750,000 shares of Common Stock of the Company at \$3.87 per share at any time through July 16, 2008. The Warrants are subject to customary antidilution and registration rights provisions.

Warranties and Indemnities

The Company provides for the estimated cost of the product warranties at the time revenue is recognized. Should products fail to meet certain performance standards for an initial warranty period, the Company's estimated warranty liability might need to be increased. The Company bases its warranty estimates on the nature of any performance complaint, the effort necessary to resolve the issue, customer requirements and any potential concessions, which may be required to be granted to a customer, which result from performance issues. The Company's ASPeN application-hosting services 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. The Company's standard agreements with its customers also usually include provisions to indemnify them from and against third party claims, liabilities, damages, and expenses arising out of the Company's operation of its business or any negligent act or omission of the Company. To date, the Company has always maintained the ASPeN performance standards and has not been required to make any material penalty payments to customers or indemnify any customers for any material third party claims. At October 31, 2005 and 2006, the Company had a warranty reserve in the amount of \$250,000. Each contract is

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reviewed quarterly with the appropriate Client Manager to determine the need for a warranty reserve based upon the most currently available information as to the status of the contract, the customer comments, if any, and the status of any open or unresolved issues with the customer.

Note 7 RETIREMENT PLAN

The Company maintains a 401(k) profit-sharing plan for its employees. Employees may contribute a certain percentage of their compensation to the plan. The Company contributions to the plan are discretionary, and are determined by resolution of the Board of Directors. Starting in fiscal 2006, the Company began matching 100% of employee contributions up to 4% of their compensation. This matching contribution of approximately \$84,000, \$64,000 and \$74,000 was charged to expense for the first, second and third quarters, respectively.

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

In addition to historical information contained herein, this Quarterly Report on Form 10-Q contains forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements, included herein. These risks and uncertainties include, but are not limited to, the impact of competitive products and pricing, product demand and market acceptance, new product development, key strategic alliances with vendors that resell the Company products, the potential cancellation of existing contracts or clients not completing projects in the current backlog, the ability of the Company to control costs, availability of products obtained from third-party vendors, the healthcare regulatory environment, healthcare information system budgets, availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results and other risk factors that might cause such differences including those discussed herein. 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 Registrant undertakes no obligation to publicly revise these forward-looking statements, to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in other documents Streamline Health files from time to time with the Securities and Exchange Commission, including Annual Reports of Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K. (See also Item 3 herein.)

The Company's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to product revenues, bad debts, capitalized software development costs, income taxes, warranty obligations, support contracts, contingencies, and litigation. The Company bases its estimates on historical experience and on various other assumptions that the Company believes are reasonable

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under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and revenue and expense recognition. Actual results may differ from these estimates under different assumptions or conditions.

RESULTS OF OPERATIONS

GENERAL

Streamline Health Solutions, Inc. is a healthcare information technology company, which is focused on developing and licensing proprietary software solutions that improve document-centric information flows and complement and enhance existing transaction-centric hospital healthcare information systems. The Company's workflow and document management solutions bridge the gap between current, predominantly paper-based processes and transaction-based healthcare information systems by 1) electronically capturing document-centric information from disparate sources, 2) electronically directing that information through vital business processes, and 3) providing access to the information to authenticated users (such as physicians, nurses, administrative and financial personnel and payers) across the continuum of care. The Company's systems are designed for enterprise wide deployment to seamlessly connect disparate departmental systems, or silos of independent technologies which are not connected, into a common interoperable document management workflow solution.

The Company's workflow-based products and services offer solutions to specific healthcare business processes within the revenue cycle, such as remote coding, abstracting and chart completion, remote physician order processing, pre-admission registration scanning, insurance verification, denial management, secondary billing services, explanation of benefits processing, release of information processing and other departmental workflow processes. The Company's products and services also create an integrated document-centric repository of historical health information that is complementary to, and can be seamlessly bolted on to existing transaction-centric clinical, financial and management information systems, allowing healthcare providers to aggressively move toward fully Electronic Medical Record (EMR) processes while improving service levels and convenience for all stakeholders. These integrated systems allow providers and administrators to dramatically improve the availability of patient information while decreasing direct costs associated with document retrieval, work-in-process, chart completion, document retention and archiving.

The Company's software solutions can be provided on a subscription basis via remote application-hosting services as an Application Service Provider or licensed and installed locally. The Company provides ASPeNSM, Application Service Provider-based remote hosting services to The University Hospital, a member of the Health Alliance of Greater Cincinnati, M.D. Anderson Cancer Center, and Children's Medical Center of Columbus, OH, among others. In addition, the Company has licensed its workflow and document management solutions, which are installed at leading healthcare providers including Stanford Hospital and Clinics, the Albert Einstein Healthcare Network, Beth Israel Medical Centers, the University of Pittsburgh Medical Center, Medical University Hospital Authority of South Carolina, and Memorial Sloan-Kettering Cancer Center, among others.

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The Company's applications allow authenticated users, such as physicians, nurses, administrative and financial personnel, and payers with access to patient healthcare information that exists in disparate systems across the continuum of care and improve operational efficiencies through business process re-engineering and automating labor-intensive and demanding paper environments. The Company's applications and services are complementary to existing clinical and financial systems, and use document imaging and advanced workflow tools to ensure users can electronically access both structured (transaction-centric) and unstructured (document-centric) patient data and all the various forms of clinical and financial healthcare information from a single permanent and secure repository, including clinician's handwritten notes, laboratory reports, photographs, insurance cards, etc.

The Company's workflow solutions offer value to all of the constituents in the healthcare delivery process by enabling them to simultaneously access and utilize the Company's advanced technological workflow applications to process information, on a real-time basis from virtually any location, including the Physician's desktop, using web-based technology. The Company's solutions integrate its own proprietary imaging platform, application workflow modules and image and web-enabling tools that allow for the seamless merger of back office functionality with existing Clinical and Financial Information Systems at the desktop.

The Company offers its own document imaging/management infrastructure (Foundation Suite) that is built for high volume transaction processing and is specifically designed for the healthcare industry. In addition to providing access to information not previously available at the desktop, the Company's applications fulfill the administrative and regulatory needs of the Medical Records, Patient Financial Services and other hospital departments. Furthermore, these systems have been specifically designed to integrate with any Clinical Information System. For example, the Company has integrated its products with selected systems from Siemens Medical Solutions USA Inc. (Siemens), Cerner Corporation, and IDX Information Systems Corporation (IDX) a unit of GE Healthcare, thus enabling customers to use the Company solutions without the expense of replacing entire software systems to gain the software functionality. By offering electronic access to all the patient information components of the medical record, this integration completes one of the most difficult tasks necessary to provide a true Electronic Medical Record. The Company's systems deliver on-line enterprisewide access to fully updated patient information, which historically was maintained on a variety of media, including paper, magnetic disk, optical disk, and microfilm.

The Company operates in one segment as a provider of health information technology solutions that streamline healthcare information flows within a healthcare facility.

Historically, the Company has derived most of its revenues from systems sales, recurring application-hosting services, recurring maintenance fees, and professional services involving the licensing, either directly or through remarketing partners, of its Medical Record and Revenue Cycle Workflow Document Management solutions to Integrated Healthcare Delivery Networks (IDN). In a typical transaction, the Company, or its remarketing partners, enter into a perpetual license or fee-for-service subscription agreement for the Company's software application suite and may license or sell other third-party software and hardware components to

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the IDN. Additionally, the Company provides professional services, including implementation, training, and product support.

With respect to systems sales, the Company earns its highest margins on its proprietary software and application-hosting services and the lowest margins on third-party hardware and software. Systems sales to customers may include different configurations of the Company software, hardware, third party software, and professional services, resulting in varying margins among contracts. The margins on professional services revenues fluctuate based upon the negotiated terms of the agreement with each customer and the Company's ability to fully utilize its professional services, maintenance, and support services staff.

Beginning in 1998, the Company began offering customers the ability to obtain its workflow solutions on an application-hosting basis as an Application Service Provider. The Company established a hosting data center and installed the Company's suite of workflow products, called ASPeN (Application Service Provider eHealth Network) within the hosting data center. Under this arrangement, customers electronically capture information and securely transmit the data to the hosting data center. The ASPeN services store and manage the data using the Company's suite of applications, and customers can view, print, fax, and process the information from anywhere using the Company's Web-based applications. The Company charges and recognizes revenue for these ASPeN services on a per transaction or subscription basis as information is captured, stored, retrieved and processed.

The decisions by a healthcare provider to replace, substantially modify, or upgrade its information systems are a strategic decision and often involve a large capital commitment requiring an extended approval process. Since inception, the Company has experienced extended sales cycles. It is not uncommon for sales cycles to take six to eighteen months from initial contact to the execution of an agreement. As a result, the sales cycles can cause significant variations in quarter-to-quarter operating results. These agreements cover the licensing, implementation and maintenance of the system, which typically takes place in one or more phases. The licensing agreements generally provide for the licensing of the Company's proprietary software and third-party software with a perpetual license fee that is: adjusted depending on the number of concurrent users or workstations using the software, or on an unlimited site license basis based on the current size and operating expense level of the hospital. Site-specific customization, interfaces with existing customer systems and other consulting services are sold on a fixed fee or a time and materials basis. Alternatively, with the Company's ASP services solution, the application-hosting services agreements generally provide for utilizing the Company's software and third-party software on a fee per transaction or recurring subscription basis.

ASPeN services was designed to overcome obstacles in the buying decision such as large capital commitment, length of implementation, and the scarcity of time for Healthcare Information Systems personnel to implement new systems. The Company believes that large IDNs and smaller healthcare providers are looking for this type of ASP application because of the ease of implementation and lower entry-level costs. The Company believes its business model is especially well suited for the medium to small acute care facility marketplace as well as the ambulatory marketplace and is actively pursuing remarketing agreements, in addition to those

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discussed below, with other Healthcare Information Systems (HIS) and staff outsourcing providers to distribute the Company s workflow solutions.

Generally, revenues from systems sales are recognized when an agreement is signed and products are made available to end-users. Revenue recognition related to routine installation, integration and project management are deferred until the work is performed. Revenues from consulting, training, and application-hosting services are recognized as the services are performed. Revenues from short-term support and maintenance agreements are recognized ratably over the term of the agreements. Billings to customers recorded prior to the recognition of the revenue are classified as deferred revenues. Revenues recognized prior to progress billings to customers are recorded as contract receivables. In 2002, the Company entered into a five year Remarketing Agreement with IDX Information Systems Corporation, which was acquired by GE Healthcare, a unit of the General Electric Company in January 2006. Under the terms of the Remarketing Agreement, IDX was granted a non-exclusive worldwide license to distribute all the Company workflow software including accessANYware™, codingANYware™, and ASPeN application-hosting services to IDX customers and prospective customers, as defined in the Remarketing Agreement. The agreement has an automatic annual renewal provision and, after the initial five year period, can be cancelled by IDX upon 90 days written notice to the Company.

Under the terms of a Remarketing Agreement with IDX, the Company records this revenue when the products are made available to end-users, which is usually at the same time the royalty report is received from IDX. Royalties are remitted by IDX to the Company based upon IDX sublicensing the Company s software to IDX s customers. Thirty percent of the royalty is due 45 days following the end of the month in which IDX executes an end-user license agreement with its customer. The remaining seventy percent of the royalty is due from IDX, in varying amounts based on specific milestones, 45 days following the end of the month in which a milestone occurs.

The Company s quarterly operating results have varied in the past and may continue to do so in the future because of various reasons including: demand for the Company s products and services, long sales cycles, and extended installation and implementation cycles based on customer s schedules. Sales are often delayed because of customers budgets and competing capital expenditure needs as well as customers personnel resource constraints.

Delays in anticipated sales or installations may have a significant impact on the Company s quarterly revenues and operating results, because substantial portions of the operating expenses are fixed and the revenues more variable.

UNEVEN PATTERNS OF QUARTERLY OPERATING RESULTS

The Company s revenues from systems sales have varied, and may continue to vary, significantly from quarter-to-quarter because of the volume and timing of systems sales and delivery. Professional services revenues also fluctuate from quarter-to-quarter because of the timing of the implementation services, project management and customized software provided.

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Revenues from maintenance services do not fluctuate significantly from quarter-to-quarter, but have been increasing, on an annual basis, as the number of customers increase. Revenues from ASP application-hosting services operations are expected to increase over time, as more hospitals outsource services to the Company's ASP Division, its partners begin to utilize the software, and existing customers increase the volume of documents stored on the systems and the number of retrievals increases.

The Company's revenues and operating results may vary significantly from quarter-to-quarter because of a number of other factors, many of which are outside the Company's control. These factors include the relatively high purchase price of a system, unpredictability in the number and timing of systems sales, length of the sales cycle, delays in the implementation process and changes in the customer's financial condition or budget and the sales activities of the remarketing partners. As a result, period-to-period comparisons may not be meaningful with respect to the past operations of the Company nor are they necessarily indicative of the future operations of the Company.

REVENUES

Revenues for the third fiscal quarter ended October 31, 2006, were \$3,592,113, compared with \$3,164,594 reported in the comparable quarter of 2005. The increase was primarily the result of increased professional services and support revenues, when compared to the prior comparable period.

Revenues for the first nine months ended October 31, 2006, were \$12,023,242, compared with \$9,927,198 reported in the comparable period of 2005. The increase was primarily the result of increased system sales and professional services revenues, when compared to the prior comparable period.

OPERATING EXPENSES

Cost of Systems Sales

The cost of systems sales includes amortization of capitalized software development costs on a straight-line basis, royalties and the cost of third party software and hardware. Cost of systems sales as a percentage of systems sales may vary from period to period depending on the mix of third party hardware and software of the systems or add-on sales delivered.

The cost of systems sales as a percentage of systems sales for the third quarter of fiscal 2006 and 2005 were 88% and 73%, respectively. The increase results from increased hardware and third-party software sales in the current periods, which have lower margins when compared to the product mix in the comparable prior period.

The cost of systems sales as a percentage of systems sales for the first nine months of fiscal 2006 and 2005 were 59% and 60%, respectively. On a year to date basis, the combined mix of third-party

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hardware, software and Streamline Health software licensing revenues resulted in substantially the same gross margin.
Cost of Services, Maintenance and Support

The cost of services, maintenance and support includes compensation and benefits for support and professional services personnel and the cost of third party maintenance contracts. The Company's support margins are highest on the Company's proprietary software. Accordingly, margins improve as more customers are added.

As a percentage of services, maintenance and support revenues, the cost of such services, maintenance and support was 43% and 44% for the third quarter of fiscal 2006 and 2005, respectively.

As a percentage of services, maintenance and support revenues, the cost of such services, maintenance and support was 43% and 43% for the first nine months of fiscal 2006 and 2005, respectively.

Cost of Application-hosting services

The cost of application-hosting services includes compensation and benefits for hosting center personnel, the cost of third party maintenance contracts, occupancy and depreciation on the hosting center equipment.

As a percentage of application-hosting revenues, the cost of application-hosting was 34% and 34% for the third quarter of fiscal 2006 and 2005, respectively.

As a percentage of application-hosting revenues, the cost of application-hosting was 35% and 33% for the first nine months of fiscal 2006 and 2005, respectively. The increase in the cost percentage reflects additional depreciation and additional compensation, including one additional staff member, which was not offset by the increased revenues.

Selling, General and Administrative

Selling, General and Administrative expenses consist primarily of compensation and related benefits and reimbursable travel and living expenses related to the Company's sales, marketing and administrative personnel; advertising and marketing expenses, including trade shows and similar type sales and marketing expenses; and general corporate expenses, including occupancy costs.

During the third quarter of fiscal 2006, Selling, General and Administrative expenses were \$1,452,044 compared with \$1,212,472 in the comparable prior period. The increase when compared with the comparable prior quarter was primarily the result of increased sales and marketing staff, and increased travel and living expenses associated with additional sales personnel.

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During the first nine months of fiscal year 2006, Selling, General and Administrative expenses were \$4,369,664 compared with \$3,561,280 in the comparable prior period. The increase when compared with the comparable prior period was primarily the result of increased: sales and marketing staff, commissions and increased travel and living expenses associated with additional sales personnel.

Demand for medical record technologies and healthcare information access systems is growing and the frequency of requests for proposals received is increasing. Accordingly, the Company has increased its sales and marketing efforts to take advantage of current market opportunities.

Product Research and Development

Product research and development expenses consist primarily of compensation and related benefits; the use of independent contractors for specific development projects; and an allocated portion of general overhead costs, including occupancy.

During the third quarter, research and development expenses of \$708,399 decreased compared with \$914,281 in the comparable prior quarter. The decrease results primarily from additional software capitalization in the third quarter associated with new products under development in 2006.

During the nine months, research and development expenses were \$2,226,765 compared with \$2,095,366 in the comparable prior period. The increase results primarily from additional staff associated with new products under development in 2006 and may increase during the fourth quarter as additional staff increases are under consideration. The Company monitors closely and augments its Research and Development staff, as necessary, with outside contractors to assist with the development and testing of new products. The Company capitalized, in accordance with Statement of Financial Accounting Standards No. 86, approximately \$555,500 and \$300,000 of product research and development costs in the third quarter of fiscal 2006 and 2005, respectively, and approximately \$1,356,000 and \$900,000 of product research and development costs in the first nine months of fiscal 2006 and 2005, respectively. The increase capitalized software reflects the significant increase in Research and Development efforts and new products under development.

Operating income (loss)

The operating (loss) for the third quarter of fiscal 2006 was \$296,882 compared with operating (loss) of \$462,918 in the third quarter of fiscal 2005. The decrease in the operating loss is due to greater increases in revenues than the increases in expenses as noted above.

The operating (loss) for the first nine months of fiscal year 2006 was \$127,368 compared with operating (loss) of \$169,840 in the first nine months of 2005. The decrease in the operating loss is due to greater increases in revenues than the increases in expenses as noted above.

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Interest income consists primarily of interest on invested cash. The increase for the nine months in interest income results from lower average cash balances offset by higher interest rates.

Interest expense relates primarily to the long-term debt and includes the interest expense on the capitalized leases. The increase results from the increases in the Prime Rate of interest charged offset by lower average debt balances.

The current period's tax provision is primarily state income taxes. During the prior periods the Federal Minimum Alternative Minimum Tax was also included.

Net earnings

The net (loss) for the third quarter of fiscal 2006 were \$334,350 (\$0.04 per share) compared with a net (loss) of \$454,469 (\$0.05 per share) in the third quarter of fiscal 2005. This decrease results from the increased expenses revenues offset by the increased expenses noted above.

The net (loss) for the first nine months of fiscal year 2006 were \$199,501 (\$0.02 per share) compared with a net (loss) of \$211,719 or (\$0.02 per share) in the first nine months of fiscal year 2005. This decrease results from increased revenues offset by the increased expenses as noted above.

Management continues to believe that the healthcare document imaging and workflow market is going to be a significant market. Management believes it has made, and continues to make, significant investments in the talent and technology necessary to establish the Company as a leader in this marketplace, and continues to believe the Company is well positioned to experience significant revenue growth.

Since commencing operations in 1989, the Company has incurred operating losses. Although the Company achieved profitability in fiscal years 1992, 1993, and 2000 through 2005, the Company incurred a net (loss) in fiscal years 1994 through 1999. In view of the Company's prior operating history, there can be no assurance that the Company will be able to achieve consistent profitability on a quarterly or annual basis or that it will be able to sustain or increase its revenue growth in future periods. Based upon the expenses associated with current and planned staffing levels, profitability is dependent upon increasing revenues.

LIQUIDITY AND CAPITAL RESOURCES

During the last five fiscal years, the Company has funded its operations, working capital needs, and capital expenditures primarily from a combination of cash generated by operations, and a \$3,500,000 bank loan in 2004. The Company's liquidity is dependent upon numerous factors to include: the timing and amount of revenues and collection of contractual amounts from customers, amounts invested in research and development, capital expenditures, and the level of operating expenses, all of which can vary significantly from quarter-to-quarter.

The Company's customers typically have been well-established hospitals or medical facilities or major HIS companies that resell the Company's products, which have good credit histories and

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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 customers often involve significant amounts and contract terms typically require customers to make progress payments.

The Company has no significant obligations for capital resources, other than its \$1,000,000 of debt, the noncancelable operating leases of approximately \$1,338,000 payable over the next five years and capitalized leases of approximately \$180,000, payable over the next three years. Capital expenditures for property and equipment in 2006 are not expected to exceed \$500,000.

During the two prior fiscal years, the Company has expended in the aggregate approximately \$1,242,000 for capital expenditures, increased its sales and marketing expenses, its product research and development and its support and consulting expenses, and made net debt and deferred interest repayments of approximately \$3,635,000, and utilized the proceeds of an additional loan of \$3,500,000. This resulted in significant net cash outlays over the last three fiscal years. Although the Company reduced staffing levels and related expenses during 2003 and 2004, the stringent expense controls and reduced staffing, caused by the necessity to retire the long-term debt, hampered the growth of revenues in fiscal year 2003 and 2004. Accordingly, to continue to achieve increasing revenues and profitability, it was necessary for the Company to significantly increase the sales and marketing expenses in fiscal 2005 and will continue to do so in 2006, albeit at a much lower rate. The Company believes that this strategic initiative to expand sales and marketing should produce improved results in late 2006 and beyond as the expanded sales and marketing efforts begin to produce results. However, there can be no assurance the Company will be able to do so. At October 31, 2006, the Company had cash of \$1,640,225.

The Company has carefully monitored operating expenses during the last five fiscal years. Notwithstanding the current levels of revenues and operating profit, for the foreseeable future, the Company will need to continually assess its revenue prospects compared to its then current expenditure levels. If it does not appear likely that revenues will increase, it may be necessary to reduce operating expenses or raise cash through additional borrowings, the sale of assets, or issue additional equity, or a combination thereof. Certain of these actions will require current lender approval. However, there can be no assurance the Company will be successful in any of these efforts. If it is necessary to significantly reduce operating expenses, this could have an adverse effect on future operating performance. The Company believes that its present cash position, combined with cash generation currently anticipated from operations may not be sufficient to meet anticipated future cash requirements for the short term. Continued expansion of the Company in the future will require additional resources. The Company needs to obtain additional debt or an additional infusion of capital, or a combination of both, depending on the extent of the expansion of the Company and future revenues. The Company is currently discussing with potential lenders obtaining a new working capital revolving loan. The Company believes that it will be able to obtain a working capital loan on favorable terms. However, there can be no assurance the Company will be able to do so.

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To date, inflation has not had a material impact on the Company's revenues or expenses.

SIGNED AGREEMENTS BACKLOG

The Company, or its remarketing partners, enters into master agreements with customers to specify the scope of the system to be installed and services to be provided, the agreed upon aggregate price and the timetable for implementation. The master agreement typically provides that the Company, or its remarketing partner, will deliver the system in phases pursuant to the customer's purchase orders, thereby allowing the customer flexibility in the timing of its receipt of systems and to make adjustments that may arise based upon changes in technology or changes in customer needs. The master agreement also allows the customer to request additional components as the installation progresses, which additions are then separately negotiated as to price and terms. Historically, customers have ultimately purchased systems and services in addition to those originally contemplated by the master agreement. Although there can be no assurance that customers will continue in the future to expand their systems and purchase additional licenses and services, the Company believes, based on its past experience, that its customers will expand their existing systems.

At October 31, 2006, the Company has master agreements, purchase orders or royalty reports from remarketing partners for systems and related services (excluding support and maintenance, and transaction-based revenues for the application-hosting services) which have not been delivered, installed and accepted which, if fully performed, will generate future revenues of approximately \$9,800,000. The related products and services are expected to be delivered over the next two to three years. Furthermore, the Company has entered into application-hosting agreements, which are expected to generate revenues in excess of \$4,800,000, through their respective renewal dates in fiscal 2006 through 2009.

The Company's master agreements also generally provide for an initial maintenance period and give the customer the right to subscribe for maintenance and support services on a monthly, quarterly, or annual basis. Maintenance and support revenues for fiscal years 2005, 2004 and 2003 were approximately \$5,104,000, \$5,220,000 and \$4,712,000, respectively. Maintenance and support revenues are expected to increase in 2006. At October 31, 2006, the Company had maintenance agreements, purchase orders or royalty reports from remarketing partners for maintenance, which if fully performed, will generate future revenues of approximately \$3,485,000 through their respective renewal dates in fiscal 2006 and 2007.

The commencement of revenue recognition varies depending on the size and complexity of the system; the implementation schedule requested by the customer and usage by customers of the application-hosting services. Therefore, the Company is unable to predict accurately the revenue it expects to achieve in any particular period. The Company's master agreements generally provide that the customer 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 customer 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 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.

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Item 3 Quantitative and Qualitative Disclosures about Market Risk

For quantitative and qualitative disclosures about market risk, see Item 7A, Quantitative and Qualitative Disclosures About Market Risk, of the LanVision Systems, Inc. n/k/a/ Streamline Health Solutions, Inc. annual report on Form 10-K for the fiscal year ending January 31, 2006. The Company exposures to market risk have not changed materially since January 31, 2006.

Item 4. 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 Exchange Act reports 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-14(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 is 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 and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures to provide reasonable assurance of achieving the desired objectives of the disclosure controls and procedures. Based on that evaluation, the Company's management, including the Chief Executive and Chief Financial Officer, concluded that there is reasonable assurance that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report and there have been no material changes in the Company's internal control or in the other controls during the quarter ended October 31, 2006 that could materially affect, or is reasonably likely to materially affect, internal controls over financial reporting.

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Part II. OTHER INFORMATION

Item 1. 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. 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.

Item 1A Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A, Risk Factors in the LanVision Systems, Inc. n/k/a Streamline Health Solutions, Inc. annual report on Form 10-K for the fiscal year ending January 31, 2006. The risk factors have not changed materially since January 31, 2006. The risk factors described in the Annual Report on Form 10-K are not the only risks facing the Company. In addition, risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company, its financial condition and/or operating results.

Item 3. DEFAULTS UPON SENIOR SECURITIES

The Company is not in default under its existing Loan Agreement.

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Item 6. EXHIBITS

(a) Exhibits

- 3.1(a) Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a LanVision Systems, Inc. (*)
- 3.1(b) Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a LanVision Systems, Inc. amendment No. 1 (**)
- 3.3 Bylaws of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems Systems, Inc. (*)
- 10.1 Indemnification agreement between the Registrant and Andrew L. Turner, a Director (***)
- 11 Computation of Earnings Per Common Share
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a -14(a) and Rule 15d 14(a) of the Securities Exchange Act, as Amended
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a -14(a) and Rule 15d 14(a) of the Securities Exchange Act, as Amended
- 32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

(*) Incorporated herein by reference from, the Registrant s (formerly LanVision Systems, Inc.) Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.

(**) Incorporated herein by reference from, the Registrant s Form 10-Q, as filed with the Commission on September 8,

2006.

(***) Incorporated
herein by
reference from
the Registrant's
Form 8-K, as
filed with the
Commission on
November 22,
2006.

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SIGNATURES

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

Streamline Health Solutions, Inc.

DATE: December 8, 2006

By: /s/ William A. Geers

William A. Geers
Chief Operating Officer

DATE: December 8, 2006

By: /s/ Paul W. Bridge, Jr.

Paul W. Bridge, Jr.
Chief Financial Officer and Treasurer

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INDEX TO EXHIBITS

Exhibit No.	Exhibit
3.1(a)	Certificate of Incorporation of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems, Inc. Previously filed with the Commission and incorporated herein by reference from, the Registrant's (LanVision System, Inc.) 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. f/k/a LanVision Systems, Inc., amendment No. 1 Previously filed with the Commission and incorporated herein by reference from the Registrant's Form 10-Q, as filed with the Commission on September 8, 2006.
3.3	Bylaws of Streamline Health Solutions, Inc. f/k/a/ LanVision Systems, Inc. Previously filed with the Commission and incorporated herein by reference from, the Registrant's (LanVision System, Inc.) Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.
10.1	Indemnification agreement between Registrant and Andrew L. Turner, a Director Previously filed with the Commission and incorporated herein by reference from the Registrant's Form 8-K, as filed with the Commission on November 22, 2006.
11	Computation of Earnings Per Common Share

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