Bridgeline Digital, Inc.
Form 10-K/A
January 28, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K/A**

(Mark One)

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

For the fiscal year ended September 30, 2015

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

*Commission File Number 333-139298*

**Bridgeline Digital, Inc.**

(Exact name of registrant as specified in its charter)

| **Delaware** | **52-2263942** |
|---|---|
| State or Other Jurisdiction of Incorporation | IRS Employer Identification No. |

| **80 Blanchard Road** | |
|---|---|
| **Burlington, Massachusetts** | **01803** |
| (Address of Principal Executive Offices) | (Zip Code) |

**(781) 376-5555**

(Registrant's telephone number)

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

| Title of each class | Name of exchange on which registered |
|---|---|
| Common Stock, $0.001 par value per share | The NASDAQ Stock Market, LLC |

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

None

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

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

| | | | |
|---|---|---|---|
| | | Non-accelerated filer | |
| Large accelerated filer | Accelerated filer | (Do not check if a smaller reporting company) | Smaller reporting company |

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $9,566,515 based on the closing price of $2.45 of the issuer's common stock, par value $.001 per share, as reported by the NASDAQ Stock Market on March 31, 2015.

On January 22, 2016, there were 5,326,615 shares of the registrant's common stock outstanding.

EXPLANATORY NOTE

Bridgeline Digital, Inc. (“we”, “our”, and “us”) is filing this Amendment No. 1 on Form 10-K/A to amend its Annual Report on Form 10-K for the year ended September 30, 2015 which was filed with the U.S. Securities and Exchange Commission (“SEC”) on December 24, 2015 (“Original Filing”). The purpose of this Amendment No.1 is to include information required in Part III (Items 10,11,12,13 and 14), which was incorporated by reference to our definitive proxy statement in the Original Filing. As we will not be filing a definitive proxy statement within 120 days after the end of our 2015 fiscal year end, we are filing this Form 10-K/A to include the required information pursuant to Regulation 14A of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”).

This Form 10-K/A is not intended to amend or otherwise update other information in the Original Filing but for those items expressly identified above. Accordingly, the Form 10-K/A should be read in conjunction with the Original Filing and with our filings made with the SEC subsequent to the filing of the Original Filing. Lastly, as required by Rule12b-15 under the Exchange Act, new certifications by our Principal Executive Officer and Principal Financial Officer as filed as exhibits to the Form 10-K/A under Item 15 of Part IV hereof.

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**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance.**

The following table sets forth information regarding our directors and executive officers:

| | Age | Position | Director since |
|---|---|---|---|
| Joni Kahn | 60 | Chairperson(1)(2)(3)(4) | 2000 |
| Kenneth Galaznik | 63 | Director(1)(2)(4) | 2006 |
| Scott Landers | 44 | Director (1)(2)(3)(4) | 2012 |
| Michael Taglich | 50 | Director | 2013 |
| Thomas Massie | 54 | Director, President & Chief Executive Officer(5) | 2000 |
| Roger Kahn | 41 | Co-Interim Chief Executive Officer, President and Chief Operating Officer(6) | |
| Michael Prinn | 42 | Co-Interim Chief Executive Officer, President and Chief Financial Officer(7) | |

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Nominating and Governance Committee.
(4) Independent director.
(5) Mr. Massie resigned from his positions of Director, President and Chief Executive Officer on December 1, 2015.
(6) Mr. Kahn was appointed to the position of Co-Interim Chief Executive Officer and President on December 1, 2015. Prior to that appointment he served as an Executive Vice President.
(7) Mr. Prinn was appointed to the position of Co-Interim Chief Executive Officer and President on December 1, 2015. Prior to that appointment he served as an Executive Vice President.

All directors hold office for a three year term following their election at the annual meeting and/or until their successors are elected and qualified. Information with respect to the business experience and affiliation of our

directors is set forth below:

**Joni Kahn** has been a member of our Board of Directors since April 2012. In May 2015, Ms. Kahn was appointed Chairperson of the Board of Directors. She also serves as the Chair of the Compensation Committee and is a member of the Audit and Nominating and Governance Committees. Her experience spans SaaS and On Premise software companies and global system integration firms, which enables a differentiated view into today's market. From 2013 to 2015, Ms. Kahn was the Senior Vice President of Global Services for Big Machines, Inc., which was acquired by Oracle in October 2013. From 2007 to 2012, Ms. Kahn was Vice President of Services for HP's Enterprise Security Software group. From 2005 to 2007, Ms. Kahn was the Executive Vice President at BearingPoint where she managed a team of over 3,000 professionals and was responsible for North American delivery of enterprise applications, systems integration and managed services solutions. Ms. Kahn also oversaw global development centers in India, China and the U.S. From 2002 to 2005, Ms. Kahn was the Senior Group Vice President for worldwide professional services for Business Objects, a business intelligence software maker based in San Jose, where she led the applications and services division that supported that company's transformation from a products company to an enterprise solutions company. Business Objects was acquired by SAP in 2007. From 2000 to 2007, Ms. Kahn was a Member of the Board of Directors for MapInfo, a global location intelligence solutions company. She was a member of MapInfo's Audit Committee and the Compensation Committee. MapInfo was acquired by Pitney Bowes in 2007. From 1993 to 2000, Ms. Kahn was an Executive Vice President and Partner of KPMG Consulting, where she helped grow the firm's consulting business from $700 million to $2.5 billion. Ms. Kahn received her B.B.A in Accounting from the University of Wisconsin – Madison.

**Kenneth Galaznik** has been a member of our Board of Directors since 2006. Mr. Galaznik is the Chairman of the Company's Audit Committee and serves as a member of the Compensation Committee. Since 2005, Mr. Galaznik has been the Senior Vice President, Chief Financial Officer and Treasurer of American Science and Engineering, Inc., a publicly held supplier of X-ray inspection and screening systems with a public market cap of over $550 million. In September 2015, Mr. Galaznik announced that he would retire from his position at American Science and Engineering on March 31, 2016. From August 2002 to February 2005, Mr. Galaznik was Vice President of Finance of American Science and Engineering, Inc. From November 2001 to August 2002, Mr. Galaznik was self-employed as a consultant. From March 1999 to September 2001, he served as Vice President of Finance at Spectro Analytical Instruments, Inc. and has more than 35 years of experience in accounting and finance positions. Mr. Galaznik holds a B.B.A. degree in accounting from The University of Houston. Mr. Galaznik brings extensive experience to our Board and our Audit Committee as an experienced senior executive, a financial expert, and as chief financial officer of a publicly-held company.

**Scott Landers** has been a member of our Board of Directors since 2010. Mr. Landers is the Chair of the Nominating and Corporate Governance Committee and serves as a member of the Audit and Compensation Committees. Mr. Landers was named President and Chief Executive Officer of Monotype Imaging Holdings, Inc on January 1, 2016 after serving as the company's Chief Operating Officer since early 2015 and its Chief Financial Officer, Treasurer and Assistant Secretary since joining Monotype in July 2008. Monotype is a publicly-held company with a market cap of over $1 billion and is a leading provider of typefaces, technology and expertise that enable the best user experiences and sure brand integrity. Prior to joining Monotype, from September 2007 until July 2008, Mr. Landers was the Vice President of Global Finance at Pitney Bowes Software, a $450 million division of Pitney Bowes, a leading global provider of location intelligence solutions. From 1997 until September 2007, Mr. Landers held several senior finance positions, including Vice President of Finance and Administration, at MapInfo, a publicly-held company which was acquired by Pitney Bowes in April 2007. Earlier in his career, Mr. Landers was a Business Assurance Manager with Coopers & Lybrand. Mr. Landers is a Certified Public Accountant and holds a bachelor's degree in accounting from Le Moyne College in Syracuse, N.Y. and a master's degree in business administration from The College of Saint Rose in Albany, N.Y. Mr. Landers brings extensive experience to our Board and our Audit Committee as an experienced senior executive, a financial expert, and as chief executive officer and a chief financial officer of a publicly-held company.

**Michael Taglich** joined the Board of Directors in 2013. He is the Chairman and President of Taglich Brothers, Inc., a New York City based securities firm which he co-founded in 1992. Taglich Brothers, Inc. focuses on public and private micro-cap companies in a wide variety of industries. He is currently the Chairman of the Board of each Air Industries Group Inc., a publicly traded aerospace and defense company (NYSE AIRI), and BioVentrix, Inc., a privately held medical device company whose products are directed at heart failure treatment. He also serves as a director of a number of other private companies, and is a director of Icagen Inc, a drug screening company. Michael Taglich brings extensive professional experience which spans various aspects of senior management, including finance, operations and strategic planning. Mr. Taglich has more than 30 years of financial industry experience, and served on his first public company board over 20 years ago.

**Thomas Massie** served as a Director, our President and Chief Executive Officer since our inception, and was the Chair of the Board until May 2015. Mr. Massie resigned as the Company's President and Chief Executive Officer and

Board Member effective December 1, 2015. From 1991 to 2000, Mr. Massie was the founder, Chairman of the Board and Chief Executive Officer of Focus Enhancements, a publicly-held developer of proprietary video conversion ASIC chip technology that had technology alliances with companies such as Intel, Microsoft, Apple Computer, Thompson, Philips, SONY, Nokia, and Zenith. Mr. Massie led Focus Enhancements from concept to a public market capitalization of $230 million. From 1986 to 1991, Mr. Massie was the founder and Chairman of the Board of Mass Microsystems, a publicly-held developer of proprietary multimedia products. Mr. Massie led Mass Microsystems from inception to a public market capitalization of $75 million. From 2002 to 2007, Mr. Massie was a member of the Board of Directors of MapInfo Corporation, a publicly-held developer of location intelligence software. Mr. Massie was the Chairman of MapInfo's Corporate Governance Committee and a member of its Audit and Compensation Committees. In April 2007, MapInfo was acquired by Pitney-Bowes for $480 million. In addition, Mr. Massie is a member of the National Association of Directors and was a non-Commissioned Officer in the United States Army, 101st Airborne Division.

**Roger Kahn** has been our Chief Operating Officer since August 2015. As of December 1, 2015, the Board of Directors appointed Mr. Kahn as Co-Interim Chief Executive Officer and President alongside Mr. Michael Prinn, the Company's Chief Financial Officer. Mr. Kahn and Mr. Prinn will co-manage the Company until a successor is named to be the Chief Executive Officer and President. Prior to joining Bridgeline Digital, Mr. Kahn co-founded FatWire, a leading content management and digital engagement company. As the General Manager and Chief Technology Officer of FatWire, Mr. Kahn built the company into a global corporation with offices in thirteen countries and annual revenues of $40 million. Fatwire was acquired by Oracle in 2011 for $160 million. Mr. Kahn received his Ph.D in Computer Science and Artificial Intelligence from the University of Chicago.

**Michael Prinn** has been our Executive Vice President and Chief Financial Officer since October 2012. As of December 1, 2015, the Board of Directors appointed Mr. Prinn as Co-Interim Chief Executive Officer and President in addition to his duties as the Chief Financial Officer. Mr. Kahn and Mr. Prinn will co-manage the Company until a successor is named to be the Chief Executive Officer and President. Mr. Prinn joined Bridgeline Digital in August 2010 as our Vice President of Finance as was subsequently promoted to the position of Chief Accounting Officer and Executive Vice President of Finance. Prior to joining Bridgeline Digital, from 2006 to 2010, Mr. Prinn was a Senior Manager and Controller at Sapient, a $1.4 billion publicly-held global integrated marketing and technology services company. From 2003 to 2006 Mr. Prinn was the Corporate Controller for SensAble Technologies, a developer of 3D touch-enabled digital solutions. Prior to joining SensAble Technologies, Mr. Prinn was an Audit Manager in Arthur Andersen's High Tech Audit Practice. Mr. Prinn received his B.S. in Accounting from Boston College and is a Certified Public Accountant.

**COMMITTEES OF THE BOARD OF DIRECTORS**

The Company has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

**Audit Committee**

The Audit Committee assists the Board in the oversight of the audit of our consolidated financial statements and the quality and integrity of our accounting, auditing and financial reporting processes. The Audit Committee is responsible for making recommendations to the Board concerning the selection and engagement of independent registered public accountants and for reviewing the scope of the annual audit, audit fees, results of the audit and auditor independence. The Audit Committee also reviews and discusses with management and the Board such matters as accounting policies, internal accounting controls and procedures for preparation of financial statements. Our Audit Committee is comprised of Mr. Galaznik (Chair), Ms. Kahn and Mr. Landers. Our Board has determined that each of the members of the Audit Committee meet the criteria for independence under the standards provided by the Nasdaq

Stock Market. The Board of Directors has adopted a written charter for the Audit Committee. A copy of such charter is available on the Company's website, www.bridgeline.com. During Fiscal 2015, the Audit Committee met four times. Each member of the Audit Committee attended each such meeting. The Chairman of the Audit Committee was present at all meetings.

*Audit Committee Financial Expert.* Our Board has also determined that each of Mr. Galaznik and Mr. Landers qualifies as an "audit committee financial expert" as defined under Item 407(d) (5) of Regulation S-K and as an independent director as defined by the Nasdaq listing standards.

**Compensation Committee**

The Compensation Committee evaluates the performance of our senior executives, considers the design and competitiveness of our compensation plans, including the review of independent research and data regarding compensation paid to executives of public companies of similar size and geographic location, reviews and approves senior executive compensation and administers our equity compensation plans. In addition, the Committee also conducts reviews of executive compensation to ensure compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended. Our Compensation Committee is comprised of Ms. Kahn (Chair), Mr. Galaznik and Mr. Landers, all of whom are independent directors. The Board of Directors has adopted a written charter for the Compensation Committee. A copy of such charter is available on the Company's website, www.bridgeline.com. During Fiscal 2015, the Compensation Committee met four times and acted seven times by unanimous written consent.

**Nominating and Corporate Governance Committee**

The Nominating and Governance Committee identifies candidates for future Board membership and proposes criteria for Board candidates and candidates to fill Board vacancies, as well as a slate of directors for election by the shareholders at each annual meeting. The Nominating and Governance Committee also annually assesses and reports to the Board on Board and Board Committee performance and effectiveness and reviews and makes recommendations to the Board concerning the composition, size and structure of the Board and its committees. A copy of such charter is available on the Company's website, www.bridgeline.com. Our Nominating and Governance Committee is comprised of Mr. Landers (Chair) and Ms. Kahn, each of whom are independent directors. During Fiscal 2015, the Nominating and Governance Committee met four times.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) requires the Company’s executive officers, directors and persons who beneficially own more than 10% of a registered class of the Company’s equity securities (collectively, the “Reporting Persons”) to file certain reports regarding ownership of, and transactions in, the Company’s securities with the Securities and Exchange Commission (the “SEC”). These officers, directors and stockholders are also required by SEC rules to furnish the Company with copies of all Section 16(a) reports that they file with the SEC. Based solely on review of the copies of such forms received by the Company with respect to 2015, the Company is aware of one late filing by Ms. Kahn to report one transaction. The Company believes that all of the filing obligations of officers, directors and 10% stockholders under section 16(a) during 2015 have been fulfilled.

**Code of Conduct and Ethics**

The Company's Board of Directors has adopted a Code of Ethics within the meaning of Item 406(b) of Regulation S-K of the Securities Act that applies to all of the Company's officers and employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Code of Ethics codifies the business and ethical principles that govern the Company's business. A copy of the Code of Ethics is available on the Company's website www.bridgeline.com. The Company intends to post amendments to or waivers from its Code of Ethics (to the extent applicable to its principal executive officer, principal financial officer or principal accounting officer) on its website.

**Item 11. Executive Compensation.**

The following Summary Compensation Table sets forth the total compensation paid or accrued for the fiscal years ended September 30, 2015 and September 30, 2014 for our principal executive officer and our other two most highly compensated executive officers who were serving as executive officers on September 30, 2015. We refer to these officers as our named executive officers.

| Name and Principal Position | Fiscal Year End | Salary | Bonus | Option Awards (1) | Total |
|---|---|---|---|---|---|
| *Thomas Massie (2)* | | | | | |
| | 2015 | $375,000 | ___ | ___ | $375,000 |
| President and Chief Executive Officer and | | | | | |
| | 2014 | $375,000 | $20,834 | $83,000 | $478,834 |
| Director | | | | | |
| *Roger Kahn (3)* | | | | | |
| | 2015 | $106,818 | ___ | $156,744 | $263,562 |
| Chief Operating Officer | | | | | |
| | 2014 | ___ | ___ | ___ | ___ |
| *Michael Prinn (4)* | | | | | |
| | 2015 | $225,000 | ___ | ___ | $225,000 |
| Executive Vice President and Chief | | | | | |
| | 2014 | $210,417 | $25,000 | $57,750 | $293,167 |
| Financial Officer | | | | | |

(1) Represents the aggregate grant date fair value of the entire stock option awards for the fiscal years ended September 30, 2015 and 2014, in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC 718"), excluding the impact of estimated forfeitures of stock options. None of the stock option awards listed above were exercised in the fiscal years ended September 30, 2015 and 2014, and the amounts set forth above do not represent amounts actually received by the executives.

(2) Mr. Massie resigned from his positions of President, Chief Executive Officer and Director on December 1, 2015.

(3) Mr. Kahn was appointed Co-Interim Chief Executive Officer and President on December 1, 2015.

(4) Mr. Prinn was appointed Co-Interim Chief Executive Officer and President on December 1, 2015.

**Employment Agreements**

*Thomas Massie*

We have entered into an employment agreement with Thomas Massie, our President and Chief Executive Officer, to provide executive management services. The agreement had an initial term of three years commencing on October 1, 2001 and was renewed in each of 2004, 2007, 2010 and 2013 each for three-year terms. The term of the agreement is automatically extended so that it always has an effective period of three years. Both the annual salary and bonus are subject to periodic review and adjustment by our Board of Directors. The agreement may be terminated by (i) us, in the event of Mr. Massie's death, resignation, retirement or disability, or for or without cause, or (ii) Mr. Massie for good reason. In the event that Mr. Massie is terminated by us without cause or Mr. Massie resigns for good reason, he is entitled to receive severance payments equal to three times his total annual compensation. This agreement was terminated by us effective December 1, 2015 in connection with Mr. Massie’s resignation.

*Roger Kahn*

We have entered into an employment agreement with Roger Kahn, our Chief Operating Officer, to provide executive management services. The agreement has an initial term of thirteen months beginning August 24, 2015 and terminating on September 30, 2016. The agreement renews for successive periods of one year if the Company provides written notice of renewal not less than 60 days prior to the end of the initial term or any applicable succeeding term. The agreement may be terminated by (i) us, in the event of Mr. Kahn's death, resignation, retirement or disability, or for or without cause, or (ii) Mr. Kahn for good reason. In the event that Mr. Kahn is terminated by us without cause or Mr. Kahn resigns for good reason, he is entitled to receive severance payments equal to twelve months of salary and one full quarterly bonus. In addition, any stock option awards that are not exercisable will be immediately vested and exercisable.

*Michael Prinn*

We have entered into an employment agreement with Michael Prinn, our Executive Vice President and Chief Financial Officer, to provide executive management services. Mr. Prinn's employment agreement is effective for the period of twelve months commencing October 1, 2015. The agreement may be terminated by (i) us, in the event of Mr. Prinn's death, resignation, retirement or disability, or for or without cause, or (ii) Mr. Prinn for good reason. In the event that Mr. Prinn is terminated by us without cause or Mr. Prinn resigns for good reason, he is entitled to receive severance payments equal to twelve months of salary and bonus. In addition, any stock option awards that are not exercisable will be immediately vested and exercisable.

**Outstanding Equity Awards at Fiscal 2015 Year-End**

The following table sets forth information concerning outstanding stock options for each named executive officer as of September 30, 2015.

| Name | Grant Date | Number of Securities Underlying Unexercised Options Excercisable (1)(2) | Number of Securities Underlying Unexercised Options Unexercisable (1)(2) | Exercise price ($/sh) | Option Expiration Date |
|---|---|---|---|---|---|
| Thomas Massie (1) | 10/09/2008 | 25,667 | - | $ 4.50 | 10/09/2018 |
| | 10/28/2011 | 60,000 | - | $ 3.35 | 10/28/2021 |
| | 11/30/2011 | 30,000 | - | $ 2.95 | 11/30/2021 |
| | 02/16/2012 | 20,000 | - | $ 3.95 | 02/16/2022 |
| | 01/22/2014 | 6,667 | 13,333 | $ 6.45 | 01/22/2024 |
| | | 142,334 | 13,333 | | |
| Michael Prinn (1) | 10/28/2011 | 12,000 | - | $ 3.35 | 10/28/2021 |
| | 11/29/2011 | 10,000 | - | $ 3.25 | 11/29/2021 |
| | 10/19/2012 | 15,000 | - | $ 8.20 | 10/19/2022 |

| | | | | | |
|---|---|---|---|---|---|
| | 12/09/2013 | 5,000 | 10,000 | $ 5.60 | 12/09/2023 |
| | | 42,000 | 10,000 | | |
| Roger Kahn (1) | 08/24/2015 | - | 200,000 | $ 1.15 | 08/24/2025 |
| | | - | 200,000 | | |

(1) Shares vest in equal installments upon the anniversary date of the grant over three years.

(2) Stock option awards granted as part of October 28, 2011 repricing program, offered employees the opportunity to exchange and forfeit options previously granted for new options grants of the same amount with a) a grant exercise price of $3.35, the fair market value on October 28, 2011 and b) a new three-year vesting schedule beginning October 28, 2011. Mr. Massie exchanged 60,000 previously granted options for a new grant with an incremental grant date fair value of $41,500. Mr. Prinn exchanged 12,000 previously granted options for a new grant with an incremental grant date fair value of $6,600.

*Director Compensation*

The following table sets forth information concerning the compensation of our Directors who are not named executive officers for the fiscal year ended September 30, 2015.

| Name | Fees Earned or Paid in Cash or Stock(1) | Option Awards (2) | All Other Compensation | Total |
|---|---|---|---|---|
| Joni Kahn | $71,000 | $11,682 | — | $82,682 |
| Kenneth Galaznik | $28,000 | $11,682 | — | $39,682 |
| Scott Landers | $26,000 | $11,682 | — | $37,682 |
| Michael Taglich | $18,000 | $11,682 | — | $29,682 |

(1) Ms. Kahn received $45,000 as fee for her services as the Chair of the Board. Other board fees were paid to the Directors in restricted common stock and vested on September 30, 2015. During fiscal 2015, a total of 40,833 restricted common shares were issued with a fair market value at the date of grant of $98,000, as follows:

| Name | Shares Issued | Fair Market Value |
|---|---|---|
| Joni Kahn | 10,833 | $26,000 |
| Kenneth Galaznik | 11,667 | $28,000 |
| Scott Landers | 10,833 | $26,000 |

| | | |
|---|---|---|
| Michael Taglich | 7,500 | $18,000 |
| **Total** | **40,833** | **$98,000** |

(2) Represents aggregate grant date fair value of the entire stock option awards for the fiscal year ended September 30, 2015 in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC 718"), excluding the estimated impact of forfeitures of stock option grants. None of the stock option awards listed above were exercised in the fiscal year ended September 30, 2015, and the amounts set forth above do not represent amounts actually received by the Directors.

(3) The following table sets forth the following aggregate number of shares under outstanding stock options plans held by Directors who are not named executive officers as of the fiscal year ended September 30, 2015.

| Name | Number of Shares Underlying Outstanding Stock Options |
|---|---|
| Joni Kahn | 19,000 |
| Kenneth Galaznik | 32,000 |
| Scott Landers | 26,000 |
| Michael Taglich | 15,000 |

The non-employee members of the Company's Board of Directors are compensated as follows:

*Compensation.* Each outside director receives an annual retainer of $12,000 and is compensated $1,500 for each meeting such director attends in person. Members of the Audit Committee receive additional annual compensation of $3,000.

*Option Grants.* Unless otherwise determined by the Board of Directors, outside directors each receive annual grants of options to purchase 2,000 shares of our common stock at an exercise price equal to the fair market value of the shares on the date of grant. The options vest over three years in equal installments on the anniversary of grant. New directors receive options to purchase 5,000 shares of our common stock at the then current fair market value upon election to the Board. During the fiscal year ended September 30, 2015, outside directors each received stock options to purchase 6,000 shares of common stock.

*Committee Chair Bonus.* The Chair of our Audit Committee receives an additional annual fee of $10,000. The Chairs of our Compensation Committee and Nominating and Corporate Governance Committee each receive an additional annual fee of $5,000. These fees are payable in lump sums in advance. Other directors who serve on our standing committees, other than the Audit Committee, do not receive additional compensation for their committee services.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Beneficial ownership is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended. In computing the number of shares beneficially owned by a person or a group and the percentage ownership of that person or group, shares of our common stock subject to options or warrants currently exercisable or exercisable within 60 days after January 22, 2016 are deemed outstanding, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each individual named below is our address, 80 Blanchard Road, 2nd Floor, Burlington, Massachusetts 01803.

The following table sets forth as of January 22, 2016, the beneficial ownership of our common stock by (i) each person or group of persons known to us to beneficially own more than 5% of the outstanding shares of our common stock, (ii) each of our directors and named executive officers, and (iii) all of our executive officers and directors as a group. At the close of business on January 22, 2016 there were issued and outstanding 5,326,615 shares of our Common Stock entitled to cast 5,326,615 votes and 214,614 shares of Series A Preferred stock. On January 22, 2016 the closing price of our Common Stock as reported on the Nasdaq Capital Market was $0.88 per share.

Except as indicated in the footnotes to the table below, each shareholder named in the table has sole voting and investment power with respect to the shares shown as beneficially owned by such shareholder.

This information is based upon information received from or on behalf of the individuals named herein.

| Name and Address | Number of Shares Owned | | Percent of Shares Outstanding |
|---|---|---|---|
| Michael Taglich<br>Robert Taglich | 605,200 | (1) | 10.51% |
| 790 New York Avenue | 542,952 | (2) | 9.57% |
| Huntington, NY 11743 | | | |
| Thomas Massie | 274,267 | (3) | 5.01% |
| Roger Kahn | 185,185 | | 3.48% |
| Michael Prinn | 49,400 | (4) | * |
| Kenneth Galaznik | 47,575 | (5) | * |
| Scott Landers | 38,932 | (6) | * |
| Joni Kahn | 33,252 | (7) | * |
| All current executive officers and directors as a group (7) | 1,233,811 | (8) | 20.51% |

*less than 1%

(1) Includes 15,385 shares issuable upon conversion of convertible notes, 407,813 shares issuable upon the exercise of warrants, and 8,001 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 22, 2016). Also includes 8,696 shares and 600 shares issuable upon the exercise of warrants owned by Mr. Taglich's spouse.

(2) Includes 30,769 shares issuable upon conversion of convertible notes, 64,413 shares issuable upon the exercise of warrants, and 249,028 shares of common stock issuable upon conversion of Series A Convertible Preferred Stock.

(3) Includes 149,000 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 22, 2016).

(4) Includes 47,000 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 22, 2016).

(5) Includes 26,667 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 22, 2016).

(6) Includes 20,667 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 22, 2016). Includes 2,000 shares of common stock owned by Mr. Landers' children.

(7) Includes 13,667 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 22, 2016).

(8) Includes 265,002 shares of common stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 22, 2016).

**Equity Compensation Plan Information**

We maintain a number of equity compensation plans for employees, officers, directors and other entities and individuals whose efforts contribute to our success. The table below sets forth certain information as of our fiscal year ended September 30, 2015 regarding the shares of our common stock available for grant or granted under our equity compensation plans.

| Plan category | Equity Compensation Plan Information | | |
|---|---|---|---|
| | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a) (c) |
| Equity compensation plans approved by security holders (1) | 875,977 | $ 0.98 | 414,046 |
| Equity compensation plans not approved by security holders (2) | 703,281 | $ 4.38 | - |
| Total | 1,579,258 | $ 2.49 | 414,046 |

(1) On April 12, 2012, the Company's stockholders approved and adopted the Bridgeline Digital, Inc. 2012 Employee Stock Purchase Plan for a total of 60,000 shares and 3,442 shares were issued in fiscal 2015. The remaining shares are included in column (c).

(2) At September 30, 2015, there were 703,281 total Warrants outstanding.

On October 21, 2010, the Company issued 10,000 common stock warrants to purchase shares of the Company's common stock to a non-employee consultant as compensation for services rendered. The warrants vested over a one year period and expire on October 15, 2015. Of the warrants issued, 5,000 are exercisable at an exercise price of $5.00

per share and 5,000 are exercisable at an exercise price of $10.00 per share. These warrants expired in October 2015.

On May 31, 2012, the Company issued five year warrants to the placement agent in the Company's private placement. The warrants are exercisable to purchase 43,587 shares of the Company's common stock at a price equal to $7.00 per share.

On June 19, 2013, the Company issued five year warrants to the investors and placement agent in the Company's private placement. The warrants are exercisable to purchase 92,000 and 46,000 shares, respectively, of the Company's common stock at a price equal to $6.25 per share.

On September 30, 2013, the Company issued five year warrants to the placement agent in the Company's placement of subordinated convertible debt. The warrants are exercisable to purchase 30,770 of the Company's common stock at a price equal to $6.50 per share. The warrants are first exercisable on March 30, 2014, provide the holders piggyback registration rights with respect to the shares of common stock underlying the warrants and contain a cashless exercise provision.

On November 1, 2013, the Company issued five year warrants to the placement agent in the Company's placement of subordinated convertible debt. The warrants are exercisable to purchase 15,385 shares of the Company's common stock at a price equal to $6.50 per share. The warrants are first exercisable on May 6, 2014, provide the holders piggyback registration rights with respect to the shares of common stock underlying the warrants and contain a cashless exercise provision.

In March 2014, the Company issued five year warrants to the investors and placement agent in the Company's private placement. The warrants are exercisable to purchase 64,000 shares of the Company's common stock at a price equal to $5.25 per share.

On October 28, 2014, the Company issued five year warrants to the placement agent in the Company's private placement of series A convertible preferred stock. The warrants are exercisable to purchase 61,539 shares of the Company's common stock at a price equal to $3.25 per share.

In connection with an aggregate of $2.0 million in term notes issued in the twelve months ended September 30, 2015, the Company issued warrants to an investor shareholder. The warrants are exercisable to purchase 180,000 shares of the Company's common stock at a price equal to $4.00 per share with a five year term and 160,000 shares of the Company's common stock at a price equal to $1.75 per share with a three year term.

As of September 30, 2015: (i) placement agent warrants to purchase 43,587, 138,000, 46,155, 64,000, and 61,539 shares at an exercise price of $7.00, $6.25, $6.50, $5.25 and $3.25, respectively are outstanding; (ii) investor shareholder warrants to purchase 180,000 and 160,000 shares at an exercise price of $4.00 and $1.75 respectively, and (iii) warrants issued to a non-employee consultant to purchase 5,000 shares at an exercise price of $5.00 and 5,000 shares at an exercise price of $10.00 are outstanding.

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

Item 404(d) of Regulation S-K requires the Company to disclose any transaction or proposed transaction which occurred since the beginning of the two most recently completed fiscal years in which the amount involved exceeds the lesser of $120,000 or one percent (1%) of the average of the Company's total assets as of the end of the last two completed fiscal years in which the Company is a participant and in which any related person has or will have a direct or indirect material interest. A related person is any executive officer, director, nominee for director, or holder of 5%

or more of the Company's common stock, or an immediate family member of any of those persons.

In accordance with our Audit Committee charter, our Audit Committee is responsible for reviewing and approving the terms of any related party transactions. Therefore, any material financial transaction between the Company and any related person would need to be approved by our Audit Committee prior to the Company entering into such transaction.

On November 1, 2013, Mr. Michael Taglich joined our Board of Directors. Michael Taglich and Mr. Robert Taglich, who are brothers, each currently own more than 5% of the Company's common stock. Each of Michael Taglich and Robert Taglich are executives of Taglich Brothers, Inc. a New York based securities firm. Taglich Brothers, Inc. was the placement agent for the three private placements of Bridgeline Digital common stock in 2012, 2013, and 2014. Taglich Brothers, Inc. was also the placement agent for Bridgeline's convertible debt offerings of $2 million and $1 million in September and November 2013, respectively, and Bridgeline's convertible preferred stock offering in October 2014. The fees paid to Taglich Brothers, Inc. in connection with the 2012, 2013, and 2014 private placements of common stock were $651,000 and Bridgeline issued warrants to purchase a total of 245,587 shares of common stock to affiliates of Taglich Brothers, including Robert Taglich and Michael Taglich. Robert Taglich and Michael Taglich also participated in certain of these offerings as investors. Fees paid to Taglich Brothers, Inc. in connection with the 2013 convertible debt offerings were $240,000 and Bridgeline issued warrants to purchase a total of 46,155 shares of common stock to affiliates of Taglich Brothers, including each of Robert Taglich and Michael Taglich. Robert Taglich also participated in this offering as an investor. Fees paid to Taglich Brothers, Inc. in connection with the October 2014 convertible preferred stock were $160,000, and Bridgeline issued warrants to purchase a total of 61,539 shares of common stock to affiliates of Taglich Brothers, including each of Robert Taglich and Michael Taglich. Robert Taglich participated in this offering as an investor.

On January 7, 2015, Bridgeline issued a Term Note to Michael Taglich to document a loan by Michael Taglich to Bridgeline of $500,000. The terms of the Note provide that Bridgeline will pay interest at a rate of 7% per annum and the note will mature on June 30, 2016. In consideration of the loan by Michael Taglich and a personal guaranty delivered by Michael Taglich to Bridge Bank, N.A. for the benefit of Bridgeline on December 19, 2014 (the "Guaranty"), on January 7, 2015 the Company issued Michael Taglich a warrant to purchase 60,000 shares of Common Stock of the Company at a price equal to $4.00 per share. The warrant has a term of five years and is exercisable six months after the date of issuance. Bridgeline agreed to provide piggyback registration rights with respect to the shares of common stock underlying the warrant. On January 7, 2015, Bridgeline also entered into a side letter with Michael Taglich pursuant to which the Bridgeline agreed in the event the Guaranty remains outstanding for a period of more than 12 months, on each anniversary of the date of issuance of the Guaranty while the Guaranty remains outstanding Bridgeline will issue Michael Taglich a warrant to purchase 30,000 shares of common stock, which warrant shall contain the same terms as the warrant issued to Michael Taglich on January 7, 2015.

On February 12, 2015, Bridgeline issued a Second Term Note to Michael Taglich in the amount of $500,000. The terms of the Second Note provide that Bridgeline will pay interest at a rate of 7% per annum and the note will mature on September 1, 2016. Bridgeline also issued Michael Taglich a warrant to purchase 60,000 shares of Common Stock of the Company at a price equal to $4.00 per share. The warrant has a term of five years and is exercisable six months after the date of issuance. Bridgeline agreed to provide piggyback registration rights with respect to the shares of common stock underlying the warrant.

On May 12, 2015, Bridgeline issued a Third Term Note to Michael Taglich in the amount of $500,000. The terms of the Third Note provide that Bridgeline will pay interest at a rate of 7% per annum and the note will mature on September 1, 2016. Bridgeline also issued Michael Taglich a warrant to purchase 60,000 shares of Common Stock of the Company at a price equal to $4.00 per share. The warrant has a term of five years and is exercisable six months after the date of issuance. Bridgeline agreed to provide piggyback registration rights with respect to the shares of

common stock underlying the warrant.

On July 21, 2015, Bridgeline issued a Fourth Term Note to Michael Taglich in the amount of $500,000. The terms of the Fourth Note provide that Bridgeline will pay interest at a rate of 8% per annum and the note will mature on July 21, 2016. Michael Taglich also agreed to increase the amount of the Guaranty to $2,000,000. Bridgeline also issued Michael Taglich a warrant to purchase 160,000 shares of Common Stock of the Company at a price equal to $1.75 per share. The warrant has a term of three years and is exercisable immediately upon issuance. Bridgeline agreed to provide piggyback registration rights with respect to the shares of common stock underlying the warrant.

Each of the above Notes were amended in December 2015. The amendments consisted of an increase of 1.5% interest per annum effective January 1, 2016, an extension of the maturity date to March 1, 2017, and a prepayment penalty of 2%.

The Company also has an annual service contract for $18,000 with Taglich Brothers, Inc. to perform market research.

**Item 14. Principal Accounting Fees and Services.**

The firm of Marcum LLP acts as our principal independent registered public accounting firm. They have served as our independent auditors since April 16, 2010. A representative of Marcum LLP is expected to attend this year's Annual Meeting, and he will have an opportunity to make a statement if he desires to do so. It is also expected that such representative will be available to respond to appropriate questions.

The table below shows the aggregate fees that the Company paid or accrued for the audit and other services provided by Marcum LLP for the fiscal years ended September 30, 2015 and September 20, 2014. The Company did not engage its independent registered public accounting firm during either of the fiscal years ended September 30, 2015 or September 20, 2014 for any other non-audit services.

| **Type of Service** | **Amount of Fee for Fiscal Year Ended** | |
|---|---|---|
| | **September 30, 2015** | **September 30, 2014** |
| Audit Fees | $ 243,868 | $ 197,409 |
| Audit-Related Fees | — | — |
| Tax Fees | — | — |
| **Total** | **$ 243,868** | **$ 197,409** |

*Audit Fees.* This category includes fees for the audits of the Company's annual financial statements, review of financial statements included in the Company's Form 10-Q Quarterly Reports and services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements for the relevant fiscal years.

*Audit-Related Fees.* This category consists of audits performed in connection with certain acquisitions.

*Tax Fees.* This category consists of professional services rendered for tax compliance, tax planning and tax advice. The services for the fees disclosed under this category include tax return preparation, research and technical tax advice.

There were no other fees paid or accrued to Marcum LLP in the fiscal years ended September 30, 2015 or September 30, 2014.

**Audit Committee Pre-Approval Policies and Procedures.**

Before an independent public accounting firm is engaged by the Company to render audit or non-audit services, the engagement is approved by the Audit Committee. Our Audit Committee has the sole authority to approve the scope of the audit and any audit-related services as well as all audit fees and terms. Our Audit Committee must pre-approve any audit and non-audit related services by our independent registered public accounting firm. During our fiscal years ended September 30, 2015 and 2014, no services were provided to us by our independent registered public accounting firm other than in accordance with the pre-approval procedures described herein.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules.**

| Item | Title |
|---|---|
| 31.1 | CEO Certification, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | CFO Certification, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | CEO Certification, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | CFO Certification, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

**SIGNATURES**

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

**BRIDGELINE DIGITAL, INC.**
a Delaware corporation

By: /s/ Michael Prinn

Name: Michael Prinn

January 28, 2016

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

| Signature | Title | Date |
|---|---|---|
| /s/ Roger Kahn<br>Roger Kahn | Co-Chief Executive Officer and President, Chief Operating Officer (Co-Principal Executive Officer) | January 28, 2016 |
| /s/ Michael Prinn<br>Michael Prinn | Co-Chief Executive Officer and President, Chief Financial Officer (Co-Principal Executive Officer and Principal Financial Officer) | January 28, 2016 |
| /s/ Kenneth Galaznik<br>Kenneth Galaznik | Director | January 28, 2016 |
| /s/Joni Kahn<br>Joni Kahn | Director | January 28, 2016 |
| /s/ Scott Landers<br>Scott Landers | Director | January 28, 2016 |

| | | |
|---|---|---|
| /s/ Michael Taglich<br>Michael Taglich | Director | January 28, 2016 |

**Index of Exhibits**

| Exhibit No. | Description of Document |
|---|---|
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