

Bridgeline Digital, Inc.  
Form 10-K/A  
January 26, 2018  
**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, 2017

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 is 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

Emerging growth company

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

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 \$12,321,517 based on the closing price of \$4.17 of the issuer's common stock, par value \$.001 per share, as reported by the NASDAQ Stock Market on March 31, 2017.

On January 12, 2018, there were 4,200,219 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, 2017 which was filed with the U.S. Securities and Exchange Commission (“SEC”) on December 21, 2017 (“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 2017 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.

## TABLE OF CONTENTS

PART III	PAGE
Item 10. Directors, Executive Officers, and Corporate Governance	4
Item 11. Executive Compensation	8
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	13
Item 13. Certain Relationships and Related Transactions, and Director Independence	17
Item 14. Principal Accounting Fees and Services	19
PART IV	
Item 15. Exhibits, Financial Statement Schedules	20
Signatures	



**PART III**

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

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

	<b>Age</b>	<b>Position</b>	<b>Director since</b>
Joni Kahn	63	Chairperson(1)(2)(3)(4)	2012
Kenneth Galaznik	66	Director(1)(2)(4)	2006
Scott Landers	47	Director (1)(2)(3)(4)	2010
Michael Taglich	53	Director	2013
Roger Kahn	48	President & Chief Executive Officer	2017
Michael Prinn	44	Executive Vice President and Chief Financial Officer	

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Nominating and Governance Committee.
- (4) Independent director.

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. Ms. Joni Kahn and Mr. Roger Kahn, the Company's President and Chief Executive Officer, are not related. 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. Ms. Kahn has over thirty years of operating experience with high growth software and services companies with specific expertise in the SaaS (Software as a Service), ERP (Enterprise Resource Planning) Applications, Business Intelligence and Analytics and CyberSecurity segments. 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. From 2005 to 2016, Mr. Galaznik was 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 \$200 million. Mr. Galaznik retired 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 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 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** has been a member of our Board of Directors since 2013. He is the Chairman and President of Taglich Brothers, Inc., a New York City based securities firm which he co-founded in 1992 with his brother Robert Taglich. 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.

**Roger Kahn** has been our President and Chief Executive Officer since May 2016. Mr. Kahn joined the Company as the Chief Operating Officer in August 2015. In December 2015, the Board of Directors appointed him Co-Interim Chief Executive Officer and President alongside Mr. Michael Prinn, the Company's Chief Financial Officer. 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. In addition to his duties as Chief Financial Officer, Mr. Prinn acted as Co-Interim Chief Executive Officer and President alongside Mr. Roger Kahn from December 2015 until Mr. Kahn's appointment to President and Chief Executive Officer in May 2016. 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](http://www.bridgeline.com). During Fiscal 2017, 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](http://www.bridgeline.com). During Fiscal 2017, the Compensation Committee met five times and acted two 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](http://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 2017, the Nominating and Governance Committee met five 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. With respect to 2017 and based solely on its review of the copies of such forms and amendments thereto received by it, the Company believes that all of the executive officers, directors, and owners of ten percent of the outstanding Common Stock compiled all applicable filing requirements with the exception of late filings for Robert Taglich for a Preferred Series A Stock dividend received on October 1, 2016 and a Preferred Series A stock dividend received on January 1, 2017, for which a Form 4 was filed with the SEC on April 3, 2017. Robert Taglich was a Director until June 29, 2017.

### **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](http://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, 2017 and September 30, 2016 for our principal executive officer and our other two most highly compensated executive officers who were serving as executive officers on September 30, 2017. We refer to these officers as our named executive officers.

Name and Principal Position	Fiscal Year End	Salary	Bonus (1)	Option Awards (2)	All Other Compensation (3)	Total
<i>Roger Kahn</i> President and Chief Executive Officer	2017	\$300,000	\$20,000	\$-	\$ 14,037	\$334,037
	2016	\$300,000	\$23,438	\$644,490	\$ 11,230	\$979,158
<i>Michael Prinn</i> Executive Vice President and Chief Financial Officer	2017	\$250,000	\$12,000	\$-	\$ -	\$262,000
	2016	\$250,000	\$14,063	\$124,770	\$ -	\$388,833

(1) Mr. Kahn elected common stock in lieu of a \$20,000 cash payment for a bonus earned for the first half of the fiscal year. He received 7,273 fully vested restricted shares with a fair value price per share of \$2.75.

(2) Represents the aggregate grant date fair value of the entire stock option awards for the fiscal years ended September 30, 2016, 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, 2016 and the amounts set forth above do not represent amounts actually received by the executives. There were no stock option awards granted in fiscal 2017.

(3) Amounts paid to Mr. Kahn represent reimbursement for living expenses per Mr. Kahn’s Employment Agreement. (See Employment Agreements below.)

**Employment Agreements**

*Roger Kahn*

We have entered into an employment agreement with Roger Kahn, our President and Chief Executive Officer, to provide executive management services. The employment agreement had an initial term of thirteen months beginning August 24, 2015 and terminating on September 30, 2016. The employment agreement was amended on May 1, 2016 (“First Amendment”) to extend through September 30, 2017 and then extended again through September 30, 2018. The First Amendment included a reimbursement for living expenses directly related to accommodations and utilities for an apartment near the Company’s corporate headquarters in an amount not to exceed \$2,900 per month. The employment 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 employment 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 current employment agreement is effective for the period of twelve months commencing October 1, 2016 and was renewed in 2017 for an additional twelve months through September 30, 2018. 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 2017 Year-End**

The following table sets forth information concerning outstanding stock options for each named executive officer as of September 30, 2017.

Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (1)(2)	Number of Securities		
			Underlying Unexercised Options Unexercisable (1)(2)	Exercise price (\$/sh)	Option Expiration Date
Roger Kahn (1)	08/24/2015	26,667	26,667	\$ 5.75	08/24/2025
	08/19/2016	74,080	74,080	\$ 4.10	08/19/2026
		100,747	100,747		
Michael Prinn (1)	10/28/2011	2,400	-	\$ 16.75	10/28/2021
	11/29/2011	2,000	-	\$ 16.25	11/29/2021
	10/19/2012	3,000	-	\$ 41.00	10/19/2022
	12/09/2013	3,000	-	\$ 28.00	12/09/2023
	12/09/2015	5,000	10,000	\$ 5.90	12/09/2025
	08/19/2016	7,334	14,666	\$ 4.10	08/19/2026
		22,734	24,666		

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

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

(2) exercise price of \$16.75, the fair market value on October 28, 2011 and b) a new three-year vesting schedule beginning October 28, 2011. Mr. Prinn exchanged 2,400 previously granted options for a new grant with an incremental grant date fair value of \$6,600.





*Director Compensation*

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, 2017, outside directors each received stock options to purchase 1,200 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.

*Chairperson of the Board Compensation.* The Chairperson of the Board received compensation of \$10,000 per month for duties and responsibilities thereunder, as a non-employee of the Company, for the period of October 1, 2016 through March 31, 2017.

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, 2017.

<b>Name</b>	<b>Fees Earned or Paid in Cash or Stock(1)</b>	<b>Option Awards (2)</b>	<b>All Other Compensation</b>	<b>Total</b>
Joni Kahn	\$86,000	\$2,712	—	\$88,712
Kenneth Galaznik	\$28,000	\$2,712	—	\$30,712
Scott Landers	\$26,000	\$2,712	—	\$28,712
Michael Taglich	\$18,000	\$2,712	—	\$20,712

In lieu of cash payment for board services, our directors were issued restricted Common Stock, which vested on (1) September 30, 2017. Ms. Kahn received an additional \$60,000 in cash payments for her services as the Chair of the Board.

During fiscal 2017, a total of 31,112 restricted Common Stock shares were issued with a fair market value at the date of grant of \$98,000, as follows:

Name	Common Stock Fair Market	
	Shares Issued	Value
Joni Kahn	8,254	\$26,000
Kenneth Galaznik	8,889	\$28,000
Scott Landers	8,254	\$26,000
Michael Taglich	<u>5,715</u>	<u>\$18,000</u>
<b>Total</b>	<b>31,112</b>	<b>\$98,000</b>

Represents aggregate grant date fair value of the entire stock option awards for the fiscal year ended September 30, 2017 in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (2) (“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, 2017, 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, 2017.

<b>Name</b>	<b>Number of Shares Underlying</b>
	<b>Outstanding Stock Options</b>
Joni Kahn	6,200
Kenneth Galaznik	8,800
Scott Landers	7,600
Michael Taglich	8,400

**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 12, 2018 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 tables set forth, as of January 12, 2018, the beneficial ownership of our Series A Preferred Stock and Common Stock by (i) each person or group of persons known to us to beneficially own more than 5% of the outstanding shares of the outstanding securities, (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 12, 2018 there were 258,494 shares of Series A Preferred Stock and 4,200,219 shares of our Common Stock. On January 12, 2018 the closing price of our Common Stock as reported on the Nasdaq Capital Market was \$2.57 per share.

Except as indicated in the footnotes to the tables 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.

**Series A Preferred Stock**

<b>Name and Address (1)</b>	<b>Number of Shares Owned (2)</b>	<b>Percent of Shares Outstanding</b>
Robert Taglich  790 New York Avenue	65,031	25.16%

Huntington, NY 11743  
Alvin Fund, LLC

215 West 98<sup>th</sup> Street, Apt. 10A 22,116 8.56%

New York, NY 10025  
Shadow Capital, LLC

3601 SW 29<sup>th</sup> Street 20,817 8.05%

Topeka, KS 66614  
Sterling Family Investment, LLC

12400 Dutch Forest PL 20,817 8.05%

Edmond, OK 73013

All current executive officers and directors as a group - \*

(1) Each of the Company's officers and directors are excluded from this table as no officer or director currently holds shares of Series A Preferred Stock.

Holders of Series A Preferred are entitled to vote on all matters presented to the Company's stockholders on an (2) as-converted basis. Each share of Series A Preferred Stock is convertible, at the option of each respective holder, into approximately 0.62 shares of Common Stock.

### Common Stock

Name and Address	Number of		Percent of Shares
	Shares	Owned	
Robert Taglich			
790 New York Avenue	363,534	(1)	8.44%
Huntington, NY 11743			
Michael Taglich	977,250	(2)	22.41%
Roger Kahn	257,872	(3)	5.98%
Michael Prinn	29,664	(4)	*
Kenneth Galaznik	25,702	(5)	*
Scott Landers	23,480	(6)	*
Joni Kahn	22,344	(7)	*
All current executive officers and directors as a group (6)	1,336,312	(8)	29.59%

\*less than 1%

Includes 64,056 shares issuable upon the exercise of warrants, 40,019 shares of Common Stock issuable upon (1) conversion of Series A Convertible Preferred Stock, and 3,334 shares of Common Stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 12, 2018).

- Includes 152,931 shares issuable upon the exercise of warrants, and 7,200 shares of Common Stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 12, 2018).
- (2) Also includes 1,740 shares of Common Stock and 120 shares issuable upon the exercise of warrants owned by Mr. Taglich's spouse.
- Includes 8,600 shares issuable upon the exercise of warrants and 100,747 shares of Common Stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 12, 2018).
- (3) Includes 27,236 shares of Common Stock owned by Mr. Kahn's spouse.
- (4) Includes 27,734 shares of Common Stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 12, 2018).
- (5) Includes 7,600 shares of Common Stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 12, 2018).
- Includes 6,400 shares of Common Stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 12, 2018). Includes 400 shares of Common Stock owned by Mr. Landers' children.
- (6)
- (7) Includes 5,000 shares of Common Stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 12, 2018).
- (8) Includes 154,681 shares of Common Stock subject to currently exercisable options (includes options that will become exercisable within 60 days of January 12, 2018).



## 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, 2017 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	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column a) (c)
	(a)	(b)	(c)
Equity compensation plans approved by security holders	450,646	\$ 7.02	276,634
Equity compensation plans not approved by security holders (1)	539,593	\$ 8.18	-
Total	990,239	\$ -	276,634

(1) At September 30, 2017, there were 539,593 total Warrants outstanding.

In fiscal 2017, the Company issued 219,538 warrants, as follows: 213,538 warrants were issued to investors in connection with private placements and 6,000 warrants were issued to a director/shareholder for a bank guarantee.



Stock warrants outstanding at September 30, 2017 are as follows:

<b>Type</b>	<b>Issue Date</b>	<b>Shares</b>	<b>Price</b>	<b>Expiration</b>
Investors	6/19/2013	18,400	\$31.25	6/19/2018
Placement Agent	6/19/2013	9,200	\$31.25	6/19/2018
Placement Agent	9/30/2013	6,157	\$32.50	9/30/2018
Placement Agent	11/6/2013	3,078	\$32.50	11/6/2018
Placement Agent	3/28/2014	12,800	\$26.25	3/28/2019
Placement Agent	10/28/2014	12,308	\$16.25	10/28/2019
Director/Shareholder	12/31/2014	12,000	\$20.00	12/31/2019
Director/Shareholder	2/12/2015	12,000	\$20.00	2/12/2020
Director/Shareholder	5/12/2015	12,000	\$20.00	5/12/2020
Director/Shareholder	7/21/2015	32,000	\$8.75	7/21/2018
Director/Shareholder	12/31/2015	6,000	\$20.00	12/31/2020
Placement Agent	5/17/2016	86,778	\$3.65	5/17/2021
Placement Agent	5/11/2016	53,334	\$3.75	5/11/2021
Placement Agent	7/15/2016	44,000	\$4.60	7/15/2021
Investors	11/9/2016	213,538	\$3.50	5/22/2022
Director/Shareholder	12/31/2016	6,000	\$20.00	12/31/2021
<b>Total</b>		<b>539,593</b>		

### **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.

In October 2013, Mr. Michael Taglich joined the Board of Directors. Michael Taglich is the Chairman and President of Taglich Brothers, Inc. a New York based securities firm. Taglich Brothers, Inc. were the Placement Agents for many of the Company's private offerings in 2012, 2013, 2014, and 2016. They were also the Placement Agent for the Company's \$3 million subordinated debt offering in 2013 and the Series A Preferred stock sale in 2015. Michael Taglich beneficially owns approximately 22% of Bridgeline stock. Michael Taglich has also guaranteed \$1.5 million in connection with the Company's out of formula borrowings on its credit facility with Heritage Bank.

In consideration of previous loans by Michael Taglich and a personal guaranty delivered by Michael Taglich to BridgeBank, 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 12,000 shares of Common Stock of the Company at a price equal to \$20.00 per share. On January 7, 2015, Bridgeline also entered into a side letter with Michael Taglich pursuant to which 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 6,000 shares of common stock, which warrant shall contain the same terms as the warrant issued to Michael Taglich on January 7, 2015. Since the Guaranty did remain outstanding for a period of more than 12 months, a warrant to purchase 6,000 shares of common stock was issued to Michael Taglich in February 2016 at a price of \$20.00 and a warrant to purchase 6,000 shares of common stock was issued in January 2017 at a price of \$20.00.

Mr. Taglich was also issued warrants in fiscal 2015 in connection with shareholder term notes issued to him. The notes were subsequently converted to shares of common stock in May 2016. He was issued three warrants totaling 36,000 shares at an exercise price of \$20.00 and one warrant for 32,000 shares at an exercise price of \$8.75 in connection with these notes. The warrants have a term of five years and are exercisable six months after the date of issuance. A fair market value of \$270 was assigned to the warrants and recorded as a debt discount in current

liabilities with the offsetting amount recorded to additional paid in capital in the Consolidated Balance Sheet. The fair market value of the warrants was amortized on a straight-line basis over their expected life. However, when the Company converted these term notes in May 2016, the remaining unamortized value was recorded as amortization expense. Total amortization expense of \$158 was recorded in fiscal 2016 related to the warrants.

Robert Taglich was appointed to the Company's Board of Directors in May 2016. Robert Taglich is the brother of Michael Taglich and is the Co-founder and Senior Director of Taglich Brothers, Inc. Robert Taglich beneficially owns approximately 8% of Bridgeline stock. Mr. Taglich was a consultant to the Company prior to his appointment to the Board of Directors. As compensation for his consulting services, Robert Taglich was granted 3,000 options to purchase the Company's common stock at a price of \$6.05. As a director, Mr. Taglich was granted 2,200 options to purchase common stock, and 6,954 shares of restricted common stock. Mr. Taglich did not seek re-election to the Board of Directors and his tenure expired on June 29, 2017.

In connection with the equity conversion of the \$3 million in term notes from shareholders that was completed in May 2016, the Taglich Brothers, Inc were granted Placement Agent warrants to purchase 86,778 shares of common stock at a price of \$3.65 per share. Included in the distribution were 35,120 warrants to Michael Taglich and 28,552 warrants to Robert Taglich. The warrants expire in five years.

In connection with the private offering in July 2016, the Taglich Brothers, Inc were granted Placement Agent warrants to purchase 44,000 shares of common stock at a price of \$4.60 per share. Included in the distribution were 8,864 warrants to Michael Taglich and 7,236 warrants to Robert Taglich. The warrants expire in five years.

In connection with the November 2016 Private Placement, the Company issued to the Purchasers warrants to purchase an aggregate total of 213,538 shares common stock. Each Purchaser Warrant Share expires five and one-half years from the date of issuance and is exercisable for \$3.50 per share beginning six-months from the date of issuance, or May 9, 2017. The warrants expire May 9, 2022. Purchaser Warrant Shares were also issued to Roger Kahn 8,600 shares and Michael and Robert Taglich 15,385 shares each.

**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, 2017 and September 30, 2016. The Company did not engage its independent registered public accounting firm during either of the fiscal years ended September 30, 2017 or September 30, 2016 for any other non-audit services.

<b>Type of Service</b>	<b>Amount of Fee for Fiscal Year Ended</b>	
	<b>September 30, 2017</b>	<b>September 30, 2016</b>
Audit Fees	\$226,655	\$ 240,450
Audit-Related Fees	—	—
Tax Fees	—	—
<b>Total</b>	<b>\$226,655</b>	<b>\$ 240,450</b>

*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, 2017 or September 30, 2016.

**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, 2017 and 2016, 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/ Roger Kahn

Name: Roger Kahn

January 26, 2018

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 Roger Kahn	President and Chief Executive Officer and Director (Principal Executive Officer)	January 26, 2018
/s/ Michael Prinn Michael Prinn	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	January 26, 2018
/s/ Kenneth Galaznik Kenneth Galaznik	Director	January 26, 2018
/s/Joni Kahn Joni Kahn	Director	January 26, 2018
/s/ Scott Landers Scott Landers	Director	January 26, 2018

/s/ Michael Taglich Director January 26, 2018  
Michael Taglich

21

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**Index of Exhibits**

Exhibit No.    Description of Document

31.1	<u>CEO Certification, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>CFO Certification, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>CEO Certification, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>CFO Certification, Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>