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

FORM 10-K

(Mark One)

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

For the fiscal year ended September 30, 2014

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

For the transition period from to

Commission File No. 0-18492

DLH HOLDINGS CORP.
(Exact name of registrant as specified in its charter)

New Jersey (State or other jurisdiction of incorporation or organization)	**22-1899798** (I.R.S. Employer Identification No.)
1776 Peachtree Street, NW **Atlanta, Georgia** (Address of principal executive offices)	**30309** (Zip Code)

(866) 952-1647

(Registrant's telephone number, including area code)

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

Title of Each Class	Name of Each Exchange on Which Registered
COMMON STOCK, PAR VALUE $.001 PER SHARE	THE NASDAQ STOCK MARKET, LLC

Securities registered pursuant to Section 12(g) of the Securities Exchange 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 15 (d) of the Securities Exchange 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 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) 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. (check one):

Large accelerated filer ☐	Accelerated filer ☐	Non-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 ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter March 31, 2014): $11,328,416.

APPLICABLE ONLY TO CORPORATE REGISTRANTS

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: On November 30, 2014, there were 9,632,396 shares outstanding of common stock of the Registrant.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (e) under the Securities Act of 1933.

Part III of this report incorporates information by reference from the Company's definitive proxy statement, which proxy statement is due to be filed with the Securities and Exchange Commission not later than 120 days after September 30, 2014

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PART I

FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this document may not address historical facts and, therefore, could be interpreted to be "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including projections of financial performance; statements of plans, strategies and objectives of management for future operations; any statement concerning developments, performance or industry rankings relating to products or services; any statements regarding future economic conditions or performance; any statements of assumptions underlying any of the foregoing; and any other statements that address activities, events or developments that DLH intends, expects, projects, believes or anticipates will or may occur in the future. Forward-looking statements may be characterized by terminology such as "believe," "anticipate," "expect," "should," "intend," "plan," "will," "estimates," "projects," "strategy" and similar expressions. These statements are based on assumptions and assessments made by the Company's management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties that include but are not limited to the factors set forth under Item 1A, Risk Factors in this Annual Report on Form 10-K. Any such forward-looking statements are not guarantees of future performance (financial or operating), and actual results, developments and business decisions may differ materially from those envisioned by such forward-looking statements. The forward-looking statements included herein apply only as of the date of this Annual Report on Form 10-K. The Company disclaims any duty to update such forward-looking statements, all of which are expressly qualified by the foregoing.

ITEM 1. BUSINESS

Overview

DLH Holdings Corp. ("DLH" or the "Company" and also referred to as "we," "us" and "our") provides professional services and solutions to the U.S. Government. Incorporated in New Jersey, the Company principally operates through its wholly-owned subsidiary DLH Solutions, Inc. ("DLH Solutions") and is headquartered in Atlanta, Georgia. DLH employs over 1,200 skilled technicians, logisticians, engineers, health care and support personnel at more than 25 locations around the United States. DLH provides services and solutions in two major market areas: Healthcare Delivery Solutions and Logistics & Technical Services. Our government customers, a majority of whom are within the Departments of Veterans Affairs ("DVA") and Defense ("DoD"), benefit from our proven leadership, processes, technical excellence, industry-leading productivity and affordability enhancement tools, and Lean Six Sigma-based quality improvement processes. The remaining portion of DLH's business is comprised of customers within other Federal agencies, including the Departments of Justice, Agriculture, and Interior at locations throughout the United States.

Corporate History

DLH Holdings Corp. was originally incorporated in New Jersey in 1969 as a payroll staffing company. In early 2010 the Company made the strategic decision to build around its government services entity, DLH Solutions, Inc. This transformation began with the divestiture of its commercial business and replacement of the CEO and CFO of the Company with executives whose skills and experience more closely aligned with the Company's new direction. The Company is now completely focused on government services both as a prime contractor as well as a partner with other government contractors.

Services and Solutions in Principal Markets

DLH provides services and solutions within two broad US Government markets: healthcare and logistics.

Healthcare Delivery Solutions

Healthcare Delivery Solutions (HDS) is one of our strategic focus areas for expansion into healthcare and related health IT in the federal market space. Our healthcare solutions leverage a unique integration of performance measurement methodologies and tools to deliver enhanced value and productivity to our clients. HDS provides a broad continuum of care for our nation's servicemen/women and veterans in various settings and facilities. These include Combat Trauma Centers (CTCs), Military Treatment Facilities (MTFs), Medical Centers, Community-based Outpatient Clinics (CBOCs), and Pharmacy Distribution Centers (including VA Consolidated Mail-order Outpatient Pharmacy). We leverage our network of over 400 active clinicians, engineers, and other healthcare workers throughout selected regions in the US, applying differentiating tools, databases and technology to deliver these services.

For over a decade, DLH has been serving the DVA and DoD in providing qualified medical and other professionals in a variety of positions. As more and more federal and DoD programs increase their performance-based requirements, our integrated service offerings and workforce profile of medical talent and credentials have become increasingly valuable to our customers. Professional services that our customers are expected to outsource include: case management, health and injury assessment, critical care, medical/surgical, emergency room/trauma center, counseling, behavioral health and traumatic brain injury management, medical devices and systems analysis, biomedical engineering, and medical logistics. While the DVA is its largest customer in this business unit, the Company has focused on leveraging that experience in adjacent healthcare markets within DoD and other Federal agencies.

Logistics & Technical Services

Our Logistics & Technical Services offering draws heavily upon our proven logistics expertise and processes. DLH resources possess expertise covering a wide range of logistics, readiness, project engineering, and contingency staff augmentation. The experience of DLH Solutions' project personnel is diverse from operational unit level to major systems and program office experience. Our core competencies include supply chain management, performance-based logistics, distribution center and inventory management, statistical process control, packaging/handling/storage and transportation, configuration management, readiness planning and supply support operations. In addition, we provide program and project management, systems engineering and applicable information technology services, reliability-maintainability-availability engineering, integrated logistics support (including operational systems), readiness assessments, training, equipment maintenance, hazardous material management, facilities and shipyard support services and more. DLH Solutions also provides professional staff to the Federal government specializing in logistics, office administration, IT, and facilities/warehouse management.

Through competitively awarded contracts and task orders (including its LOGWORLD contract) DLH Solutions has developed a strong portfolio of logistics processes, personnel and tools to help its clients achieve nationally recognized awards for customer satisfaction. While the DVA is its largest customer in this area, the Company has taken steps to expand in adjacent logistics markets within DoD and other Federal agencies.

Although specific funding priorities are subject to change from year to year, we believe that our strategic business alignment around selected military and veterans healthcare, health IT, and logistics sustainment services will allow us to expand within what we consider to be top national priority programs and budget areas.

Position and Distribution of Services and Solutions in Our Markets

Our strengths in the markets in which we compete and the manner in which we are positioned within them, are enhanced by a number of features including, but not limited to:

- high barriers for entry into the selected healthcare and logistics markets in which we serve;
- substantial component of our employee base possess specialized credentials and licenses;
- over 90% of our revenue is derived from prime contracts with the US Government;
- strong past performance record, as evidenced by our DVA customer scoring the highest in overall satisfaction in the J.D. Power National Pharmacy Study for the past five years; and
- targeted expansion is in critical national priority markets (healthcare and health IT) with Federal budget stability.

The Company operates primarily through prime contracts awarded through full and open competition by the government. The Company has a diverse mix of contract vehicles with various agencies of the United States Government, which supports our overall corporate growth strategy. The majority of our contracts are fixed-price type contracts that were awarded on a best-value basis. As such, the Company has developed and continues to leverage a suite of solution offerings geared toward enhancing performance and productivity while reducing costs to its US government clients. With a competitive voluntary turnover rate, the Company continues to demonstrate that it values and effectively supports its workforce. In addition, we have implemented a Quarterly Performance Review program which provides effective oversight to ensure that we meet or exceed safety, technical, quality, schedule, cost and customer satisfaction objectives on our projects. We also utilize various components of Lean Six Sigma and other management techniques to achieve continuous improvement.

Competitive Landscape

Intense competition and long business development cycles are characteristics of the government and defense industry which impact our business results. For major program competition, the business acquisition cycle typically ranges from 18 to 36 months for prime contractor companies. Companies may pursue work either as prime contractor or partner with other companies in a subcontractor role. Those competing as prime contractors normally expend substantially more resources than those in subcontractor roles. We partner and compete with several large and small-business companies in pursuit of acquiring new business.

In the federal market space, we compete and partner with major tier I companies such as Lockheed Martin, Raytheon Company, BAE Systems, Leidos, General Dynamics, Northrop Grumman, and Engility. Other companies in our space include Kratos, Honeywell, CACI, Computer Sciences Corp., Mantech, DynCorp International, Deloitte and many others. DLH competes with these companies by leveraging our differentiating suite of tools and uniquely integrating people and processes resulting in highly competitive proposals and a solid track record of past performance. We compete for awards through a full and open competition on a "best-value basis". The Company draws heavily from its consistent high quality past performance ratings, proven and evolving technical differentiators, key personnel credentials and growing market recognition to team and compete favorably. Further, the Company believes that our track record, knowledge and processes with respect to government contract bidding processes represent a competitive advantage.

Our recent and future success in this competitive landscape hinges on our ability to continue to uniquely integrate people, processes and technology tools to deliver best value solutions for our targeted clients (both government and industry partners). Due in large part to government fiscal pressures and major defense platform cancellations and budget cuts, our ability to remain cost-competitive remains important, particularly in labor-intensive markets where we can see greater pressure on margin rates.

Customers

Our primary customers are agencies of the U.S. Government. Total revenue from all agencies of the U.S. Government accounted, either directly or indirectly, for 100% of our total revenue during the 2014 fiscal year. For the past two fiscal years, in excess of 95% of the Company's revenues has been derived from contracts with the DVA. Accordingly, DLH Solutions remains particularly dependent on the continuation of its relationship with the DVA. Within the U.S. Government, our largest customer in fiscal 2014 and 2013 continued to be the DVA with whom the Company held over a dozen unique contracts and/or task orders for logistics, pharmaceutical, and other medical services. The DVA's mission is one of service to the 27 million veterans who have served our country. To accomplish this mission, the DVA provides various products and services to veterans by working closely with various industry partners. These products and services include medical care, benefits, and social programs for the veteran community throughout the country. DLH believes that our services to the DVA are connected to the core mission of that Agency.

We provide services to the U.S. Government pursuant to a variety of contract types, including fixed-price awards, indefinite delivery/indefinite quantity (IDIQ) and government wide acquisition contracts such as General Services Administration (GSA) schedule contracts, which are awarded competitively through full and open competition by the government. The majority of our contracts are fixed-price type contracts that were awarded on a best-value basis. As such, the Company has developed and continues to leverage a suite of solution offerings geared toward enhancing performance and productivity while reducing costs to its US government client. Management believes the expanded use of these differentiating tools will become even more valuable as the federal government deficit reduction initiatives evolve.

We currently hold multiple GSA schedule contracts, under which we provide services that constitute a significant percentage of our total revenue. Our Federal supply schedule contract for professional and allied healthcare services is in effect through June 2017. Our logistics worldwide services contract is in effect through November 2017.

Backlog

At September 30, 2014, the total backlog was approximately $184 million. Total backlog as of September 30, 2013 was approximately $240 million. Backlog represents total estimated contract value of predominantly multi-year government contracts and will vary depending upon the timing of new/renewal of contract awards. Backlog is based upon customer commitments that the Company believes to be firm over the remaining performance period of our contracts. Backlog value is based upon contract commitments, management judgment and assumptions about the volume of services, availability of customer funding and other factors. Our backlog may consist of both funded and unfunded amounts under existing contracts including option periods. At September 30, 2014, our funded backlog was $17 million and our unfunded backlog was $167 million.

The value of multi-client, competitive ID/IQ awards is included in backlog computation only when a task order is awarded. The award of an IDIQ contract does not represent a firm order for services and is subject to competitive bidding. Generally, under an IDIQ contract, the government is not obligated to order a minimum of services or supplies from its contractor, irrespective of the total estimated contract value. A number of U.S. Government programs with which we are associated are multi-year programs, and as such a substantial portion of our backlog is expected to be filled subsequent to fiscal 2015. While no assurances can be given that existing contracts will result in earned revenue in any future period, or at all, the Company's major customers have historically exercised their contractual renewal options.

Intellectual Property

We claim copyright, trademark and other proprietary rights in a variety of intellectual property, including each of our proprietary computer software and data products and the related documentation. Because our business involves providing services to government entities, our operations generally are not substantially dependent upon obtaining and/or maintaining copyright or trademark protections, although our operations make use of such protections and benefit from them as discriminators in competition. We maintain a number of trade secrets that contribute to our success and competitive distinction and endeavor to accord such trade secrets adequate protection to ensure their continuing availability.

Government Regulation

Our business is affected by numerous laws and regulations relating to the award, administration and performance of U.S. Government contracts. In addition, many federal and state laws materially affect the Company's operations. These laws relate to ethics, labor, tax, and employment matters. As any employer, DLH is subject to federal and state statutes and regulations governing their standards of business conduct with the government. The development of additional statutes and regulations and interpretation of existing statutes and regulations with respect to our industry can be expected to evolve over time. Through its corporate membership with the Professional Services Council and other affiliations, DLH monitors proposed and pending regulations from relevant congressional committees and government agency policies that have potential impact upon our industry and our specific strategically targeted markets. As with any commercial enterprise, DLH cannot predict with certainty the nature or direction of the development of Federal statutes and regulations that will affect its business operations. See Risk Factors in Part I, Item 1A.

As is common in the U.S. defense industry, we are subject to business risks, including changes in the U.S. Government's procurement policies, governmental appropriations, and availability of funds. A reduction in expenditures by the U.S. Government for the services that we provide, lower margins resulting from increasingly competitive procurement policies, or a reduction in the volume of contracts or subcontracts awarded to us could materially adversely affect our business. The U.S. Government contract bid process is subject to the U.S. Federal Acquisition Regulations and is complex and sometimes lengthy. Once a bid is won and a contract awarded, there is still the possibility of a bid protest or numerous delays in implementation. All of our U.S. Government contracts can be terminated by the U.S. Government either for its convenience or if we default by failing to perform under the contract. Termination for convenience provisions provide only for our recovery of costs incurred or committed and settlement of expenses and profit on the work completed prior to termination. Termination for default provisions provide for the contractor to be liable for excess costs incurred by the U.S. Government in procuring undelivered items from another source. In addition, government contracts are subject to audits at various points in the contracting process and our contract administration and cost accounting policies and practices are also subject to oversight by government inspectors, technical specialists and auditors.

Employee Relations

As of September 30, 2014, the Company employed over 1,200 employees performing in 25 states throughout the U.S. On October 8, 2014, employees at our Chicago location approved the adoption of union representation for non-management employees. The vote taken is still in the process of being certified and collective bargaining has not yet occurred. Management believes that is has good relations with its employees. We do not expect this event to have a material impact to our operating results in the future.

Corporate

Our principal executive offices are located at 1776 Peachtree Street NW, Suite 300S, Atlanta, Georgia 30309. Our telephone number is 866-952-1647 and our website is www.dlhcorp.com. References herein to our website are provided purely as a convenience and do not constitute, and should not be viewed as, incorporation by reference of the information contained on, or available through, the website.

Executive Officers

Our executive officers are:

Name	Age	Positions
Zachary C. Parker	57	President, Chief Executive Officer and Director
Kathryn M. JohnBull	55	Chief Financial Officer
John F. Armstrong	65	Executive Vice President—Corporate Development
Kevin Wilson	49	President, DLH Solutions, Inc.

Zachary C. Parker became Chief Executive Officer and President of DLH Holdings Corp. in February 2010. He has over 25 years of experience with the government services market, including DoD, holding several senior and executive management positions in addition to business development posts. His tenure includes approximately 19 years with Northrop Grumman, 7 years with GE Government Services (now Lockheed Martin), and 3 and 2 years with VSE Corporation and VT Group, respectively. Prior to joining DLH, Mr. Parker held executive positions, including President and previously Executive Vice President for Business Development, within VT Group, from March 2008 to February 2010. His executive development includes the GE Crotonville Executive Development Program, Darden Executive Leadership Program, Northrop Grumman Action Leadership Program, Wharton Earned Value Management, California Institute of Technology Strategic Marketing Program, and is Lean Six Sigma Green Belt certified among other professional and technical certifications. Mr. Parker is active in both professional and community associations including the Governmental Affairs Committee and the Veteran Affairs Task Force of the Washington DC-based Professional Services Council and has served as industry co-chair of the Government/Industry Partnership Executive council. He is an advisory board member of Hero Health Hire (a non-profit entity). He has also served as board member on joint venture companies in the government services business. Mr. Parker earned his bachelor's degree from California State University, Northridge (with honors) specializing in Human Factors Engineering and has completed post-graduate studies.

Kathryn M. JohnBull was named Chief Financial Officer on June 25, 2012. She has over 25 years of experience within the government services market, principally with publicly-traded companies who experienced substantial organic and acquisitive growth. From January 2008 to June 2012, Ms. JohnBull was a senior financial executive with QinetiQ North America, serving in both corporate and operating group roles, including as Senior Vice President—Finance for its overall operations. From August 2002 to December 2007, Ms. JohnBull served as Operations Segment Chief Financial Officer for MAXIMUS, Inc, a publicly-traded provider of business process outsourcing, consulting and systems solutions. Prior industry positions, with emphasis on tax and treasury, were with BDM International, Inc. and United Defense. Ms. JohnBull is a certified public accountant and from 1985 to 1988 was with Arthur Andersen & Company as a tax manager and staff. Ms. JohnBull received a Bachelor of Business Administration, summa cum laude, from the University of Tulsa.

John F. Armstrong, MBA, FACHE joined DLH Holdings Corporation as Executive Vice President in December 2010 and leads our strategic partnerships and corporate business development affairs. Mr. Armstrong has over three decades of in-depth experience (both public and private) in the military and the government services industry. Prior to joining DLH, Mr. Armstrong served as Director of the Sustainment and Health Services operations within Lockheed Martin Corporation from May 2008 to November 2010. Previously, from August 2002 to May 2008, he served as senior vice president of business development for Eagle Group International where he was instrumental in successfully growing the company to a competitive large business prior to being acquired by Lockheed Martin. Additionally, Mr. Armstrong served a distinguished career in the U.S. Army, retiring as a Colonel (Medical Service Corps) in 2002. Mr. Armstrong is a fellow in the American College of Healthcare Executives and earned his Master of Business Administration degree from Marymount University, Master of Arts from Ball State University and completed his undergraduate studies at the University of Central Florida.

Kevin Wilson was appointed as the President of our subsidiary DLH Solutions in October 2008, previously serving as the Director of DLH Solutions from June 2007 through September 2008. From January 2004 to June 2007, Mr. Wilson served as the Director of Strategic Alliances of government services provider SAIC, Inc., where he was responsible for business development in the domestic and foreign defense markets. From March 1997 to January 2004, Mr. Wilson was the Program Manager for a multiyear defense services contract with Endress Hauser Systems & Gauging. Mr. Wilson also worked at Tracer Research Corporation from January 1990 to March 1997, where he was Project Manager for the United States Air Force, Air Combat Command professional services contract. Mr. Wilson holds a BS in Business Marketing from Northwest Missouri State University.

Available Information

We file registration statements, periodic and current reports, proxy statements, and other materials with the Securities and Exchange Commission (SEC). You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. You may obtain information on the operation of the Public Reference

Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, including our filings. We make our public filings with the SEC, including our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all exhibits and amendments to these reports available free of charge on our website, http://www.dlhcorp.com, as soon as reasonably practicable after we file such material with the SEC. We also make available on our website reports filed by our executive officers and directors on Forms 3, 4 and 5 regarding their ownership of our securities. These materials are available in the "Investor Relations" portion of our website, under the link "SEC Filings." We also use our website to make generally available important information about our company. Important information, including press releases, presentation and financial information regarding our company, is routinely posted on and accessible on the Investor Relations subpage of our website, which is accessible by clicking on the tab labeled "Investor Relations" on our website home page. Information contained on our website is not part of this Annual Report on Form 10-K or any other filings we make with the SEC.

ITEM 1A. RISK FACTORS

As provided for under the Private Securities Litigation Reform Act of 1995 ("1995 Reform Act"), we wish to caution shareholders and investors that the following important factors, among others discussed throughout this Annual Report on Form 10-K for the fiscal year ended September 30, 2014, have affected, and in some cases could affect, our actual results of operations and cause our results to differ materially from those anticipated in forward looking statements made herein. Our business, results of operations, cash flows and financial condition may be materially and adversely affected due to any of the following risks. The risks described below are not the only ones we face. Additional risks we are not presently aware of or that we currently believe are immaterial may also impair our business operations. The trading price of our common stock could decline due to any of these risks. In assessing these risks, you should also refer to the other information contained or incorporated by reference in this Annual Report on Form 10-K, including our consolidated financial statements and related notes.

Risks Relating to Our Business and Our Industry

We depend on contracts with the Federal government for virtually all of our revenue and our business could be seriously harmed if the Federal government decreased or ceased doing business with us or changed its budgets or budgetary priorities.

Presently, the Company derives all of its revenue from agencies of the federal government. For the fiscal years ended September 30, 2014 and 2013, the Company derived approximately 96% of its revenue from various contracts awarded by the DVA. Accordingly, DLH remains dependent upon the continuation of its relationship with the DVA. As of September 30, 2014, contract awards from the DVA have anticipated periods of performance ranging from approximately two to up to five years. These agreements are subject to the Federal Acquisition Regulations, and there can be no assurance as to the actual amount of services that the Company will ultimately provide to the DVA under these awards. The Company's results of operations, cash flows and financial condition would be materially adversely affected in the event that we were unable to continue our relationships with the DVA.

Because we derive all of our revenue from contracts with the Federal government, the success and development of our business will continue to depend on our successful participation in Federal government contract programs. However, the funding of our customers pursuant to continuing resolutions and the ongoing debate surrounding the proposed Federal budget for fiscal 2015 including questions pertaining to the duration and scope of sequestration, create continued budgetary uncertainty for our Federal customers, which may result in reduced awards, postponements in procurement of services and delays in collection of payments, which may affect our results of operations. Therefore, period-to-period comparisons of our operating results may not be a good indication of our future performance. Further delays in the adoption of a full fiscal year budget or continuing resolution may materially and adversely impact our results of operations and financial condition.

Furthermore, even if the overall level of U.S. Government spending does increase or remains stable, the budgets of the government agencies with which we do business may be decreased or our projects with them may not be sufficiently funded. In the event the budgets or budgetary priorities of the U.S. Government entities with which we do business, particularly the DVA, are decreased or underfunded, our consolidated revenues and results of operations could be materially and adversely affected. A significant decline in government expenditures, a shift of expenditures away from programs that we support or a change in Federal government contracting policies could cause Federal government agencies to reduce their purchases under contracts, to exercise their right to terminate contracts at any time without penalty or not to exercise options to renew contracts. Given the strong bipartisan support for the Department of Veterans Affairs, we do not expect significant impact to our existing DVA contracts from budget negotiations or sequestration. However, programs we have, or are pursuing, could be materially reduced, extended, or terminated as a result of the ongoing budgetary uncertainty and there can be no assurances that our revenue will not be impacted by evolving budget priorities.

We may experience fluctuations in our revenues and operating results and any failure to increase our revenues and keep our expenses consistent with revenues could prevent us from maintaining profitability.

Our quarterly revenue and operating results may fluctuate significantly and unpredictably in the future. As discussed in greater detail above, if the federal government does not adopt, or delays adoption of, a budget, or fails to pass a continuing resolution, federal agencies may be forced to suspend our contracts and delay the award of new and follow-on contracts and orders due to a lack of funding. Our business is under economic pressures due to federal government procurement delays, substantial federal budget uncertainty, an economy still attempting to fully recover from a significant recession, and other challenging industry dynamics. However, we have expended, and will continue to be required to expend, substantial funds to enhance our marketing efforts and to otherwise operate our business. Although we continue to manage our expenses, we may need to generate higher revenues to continue increasing profitability and cannot assure you that we will be profitable in any particular future period. Our prospects should be considered in light of the difficulties we are facing, including the current economic climate and the overall competitive environment in which we operate. Revenue levels achieved from our customers, the mix of solutions that we offer and our ability to reduce and manage our operating expenses will affect our financial results.

The U.S. Government contract bid process is highly competitive, complex and sometimes lengthy, and is subject to protest and implementation delays.

Many of our contracts and task orders with the Federal government are awarded through a competitive bidding process, which is complex and sometimes lengthy. We expect that much of the business that we will seek in the foreseeable future will continue to be awarded through competitive bidding. Many of our competitors are larger and have greater resources than we do, larger client bases and greater brand recognition. Our competitors, individually or through relationships with third parties, may be able to provide clients with different or greater capabilities or benefits than we can provide. If we are unsuccessful in competing with these other companies, our revenues and margins may materially decline.

If a bid is won and a contract awarded, there still is the possibility of a bid protest or numerous delays in implementation. Our business could be adversely affected by delays caused by our competitors protesting major contract awards received by us, resulting in the delay of the initiation of work. It can take many months to resolve protests by one or more of our competitors of contract awards we receive. The resulting delay in the startup and funding of the work under these contracts may cause our actual results to differ materially and adversely from those anticipated, and there can be no assurance that such protest process or implementation delays will not have a material adverse effect on our financial condition or results of operations in the future. This competitive bidding process presents a number of risks, including the following:

- we expend substantial cost and managerial time and effort to prepare bids and proposals for contracts that we may not win, and to defend those bids through any protest process;
- we may be unable to estimate accurately the resources and cost structure that will be required to service any contract we win; and
- we may encounter expenses and delays if our competitors protest or challenge awards of contracts to us in competitive bidding, and any such protest or challenge could result in the resubmission of bids on modified specifications, or in the termination, reduction or modification of the awarded contract.

If we are unable to consistently win new contract awards over any extended period, our business and prospects will be adversely affected and that could cause our actual results to differ materially and adversely from those anticipated. In addition, upon the expiration of a contract, if the client requires further services of the type provided by the contract, there is frequently a competitive rebidding process. There can be no assurance that we will win any particular bid, or that we will be able to replace business lost upon expiration or completion of a contract, and the termination or non-renewal of any of our significant contracts could cause our actual results to differ materially and adversely from those anticipated.

Furthermore, the Federal government may change its procurement practices, adopt new contracting rules and regulations or contracting methods, or change the basis upon which it reimburses us. In any such instance, these changes could impair our ability to obtain new awards, adversely impact our profit margins, or impose administrative difficulties, any of which could adversely impact our operating results.

Our business may suffer if we or our employees are unable to obtain the security clearances or other qualifications we and they need to perform services for our clients.

Many federal government contracts require us to have security clearances and employ personnel with specified levels of education, work experience and security clearances. Depending on the level of clearance, security clearances can be difficult and time-consuming to obtain. If we or our employees lose or are unable to obtain necessary security clearances, we may not be able to win new business and our existing clients could terminate their contracts with us or decide not to renew them. To the extent we cannot obtain or maintain the required security clearances for our employees working on a particular contract, we may not derive the revenue anticipated from the contract, which could cause our results to differ materially and adversely from those anticipated.

Failure to comply with complex federal procurement laws and regulations or to achieve satisfactory government audit results could cause us to lose business, incur additional costs, and subject us to a variety of penalties.

We must comply with complex laws and regulations relating to the formation, administration, and performance of federal government contracts. These laws and regulations create compliance risk and affect how we do business with our federal agency clients, and may impose added costs on our business. Further, our performance on and invoices submitted on our U.S. Government contracts and our compliance with applicable laws and regulations are subject to audit by the government and the scope of any such audits could span multiple fiscal years. We cannot assure you that any such inquiry or investigation will not have a material adverse effect on our results of operations, cash flows, and financial condition.

If a government review or investigation uncovers illegal activities or activities not in compliance with a particular contract's terms or conditions, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, harm to our reputation, suspension of payments, fines, and suspension or debarment from doing business with Federal government agencies. The government may in the future reform its procurement practices or adopt new contracting rules and regulations, including cost accounting standards, that could be costly to satisfy or that could impair our ability to obtain new contracts. A failure to comply with applicable laws and regulations or applicable contract terms could result in contract termination, price or fee reductions, civil, criminal and administrative penalties, or suspension or debarment from contracting with the Federal government, each of which could lead to a material reduction in our revenues, cash flows and operating results. Further, as the reputation and relationships that we have established and currently maintain with government personnel and agencies are important to our ability to maintain existing business and secure new business, damage to our reputation or relationships could have a material adverse effect on our revenue and operating results.

U.S. Government contracts may be terminated at will and we may not receive the full amounts authorized under the contracts included in our backlog, which could reduce our revenue in future periods below the levels anticipated.

Many of the U.S. Government programs in which we participate as a contractor or subcontractor may extend for several years. Further, the U.S. Government may modify, curtail or terminate its contracts and subcontracts for convenience and to the extent that a contract award contemplates one or more option years, the Government may decline to exercise such option periods. Due to our dependence on these programs, the modification, curtailment or termination of our major programs or contracts may have a material adverse effect on our results of operations and financial condition. Our backlog consists of funded backlog, which is based on amounts actually committed by a client for payment for goods and services, and unfunded backlog, which is based upon management's estimate of the future potential of our existing contracts and task orders, including options, to generate revenue. Our backlog may not result in actual revenue in any particular period, or at all, which could cause our actual results to differ materially and adversely from those anticipated. The maximum contract value specified under a government contract or task order awarded to us is not necessarily indicative of the revenue that we will realize under that contract. Although many of our federal government contracts contemplate performance over a period of years, Congress often appropriates funds for these contracts for only one year at a time. As a result, our contracts typically are only partially funded at any point during their term, and all or some of the work intended to be performed under the contracts will remain unfunded pending subsequent Congressional appropriations and the obligation of additional funds to the contract by the procuring agency. Nevertheless, we may estimate our share of the contract values, including values based on the assumed exercise of options relating to these contracts, in calculating the amount of our backlog. Because we may not receive the full amount we expect under a contract, our estimate of our backlog may be inaccurate and we may generate results that differ materially and adversely from those anticipated.

Failure to maintain strong relationships with other contractors could materially and adversely affect our revenue.

As we look to increase revenue from ventures in which we act as a subcontractor to a prime contractor, or from teaming arrangements under a joint venture, we may lack control over fulfillment of such contracts, and poor performance on the contract could impact our customer relationship, even if we perform as required. We expect to depend on relationships with other contractors for a portion of our revenue in the foreseeable future. Moreover, our revenue and operating results could differ materially and adversely from those anticipated if any such prime contractor or teammate chose to offer directly to the client services of the type that we provide or if they team with other companies to provide those services.

Loss of our GSA schedule contracts or other contracting vehicles could impair our ability to win new business and perform under existing contracts.

We currently hold multiple GSA schedule contracts, including a Federal supply schedule contract for professional and allied healthcare services and the logistics worldwide services contract. Our professional and allied healthcare services schedule is in effect through June 2017. Our logistics worldwide schedule is in effect to November 2017. If we were to lose one or more of these contracts or other contracting vehicles, we could lose a significant revenue source and our operating results and financial condition could be materially and adversely affected.

Our employees (or those of others, with whom we are associated, such as teammates, prime or sub-contractors) may engage in misconduct or other improper activities, which could harm our business.

We are exposed to the risk that employee fraud or other misconduct could occur. Misconduct by our employees (or those of others, with whom we are associated, such as teammates, prime or sub-contractors) could include intentional failures to comply with Federal government procurement regulations, engaging in unauthorized activities, seeking reimbursement for improper expenses, or falsifying time records. Employee misconduct could also involve the improper use of our clients' sensitive or classified information and result in a serious harm to our reputation. While we have policies in effect to deter illegal activities and promote proper conduct, these are not a failsafe. It is not always possible to deter employee misconduct, and precautions to prevent and detect this activity may not be effective in controlling such risks or losses, which could materially and adversely affect our business, results of operations, financial condition, cash flows, and liquidity.

Our profits and revenues could suffer if we are involved in legal proceedings, investigations and disputes.

We are exposed to legal proceedings, investigations and disputes. In addition, in the ordinary course of our business we may become involved in legal disputes regarding personal injury or employee disputes. While we provision for these types of incidents through commercial third party insurance carriers, we often defray these types of cost through higher deductibles. Any unfavorable legal ruling against us could result in substantial monetary damages by losing our deductible portion of carried insurance. We maintain insurance coverage as part of our overall legal and risk management strategy to lower our potential liabilities. If we sustain liabilities that exceed our insurance coverage or for which we are not insured, it could have a material adverse impact on our results of operations, cash flows and financial condition, including our profits, revenues and liquidity.

We are dependent upon certain of our management personnel and do not maintain "key personnel" life insurance on our executive officers.

Our success to date has resulted in part from the significant contributions of our executive officers. Our executive officers are expected to continue to make important contributions to our success. As of September 30, 2014, our CEO, CFO, Executive Vice President of Business Development and the President of DLH Solutions are under employment contracts. However, we do not maintain "key person" life insurance on any of our executive officers. Loss for any reason of the services of our key personnel could materially affect our operations.

We may not be fully covered by the insurance we procure and our business could be adversely impacted if we were not able to renew all of our insurance plans.

Although we carry multiple lines of liability insurance (including coverage for medical malpractice and workers' compensation), they may not be sufficient to cover the total cost of any judgments, settlements or costs relating to any present or future claims, suits or complaints. If we are unable to secure renewal of our insurance contracts or the renewal of such contracts with favorable rates and with competitive benefits, our business could be adversely affected. In addition, sufficient insurance may not be available to us in the future on satisfactory terms or at all. Our placement of employees increases our potential liability for negligence and professional malpractice and such liabilities may not become immediately apparent. Any increase in our costs of insurance will impact our profitability to the extent that we cannot offset these increases into our costs of services. If the insurance we carry is not sufficient to cover any judgments, settlements or costs relating to any present or future claims, suits or complaints, our business, financial condition, results of operations and liquidity could be materially adversely affected.

Our financial condition may be affected by increases in employee healthcare claims and insurance premiums, unemployment taxes and workers' compensation claims and insurance rates.

Our current workers' compensation and medical plans are partially self-funded insurance programs. The Company currently pays base premiums plus actual losses incurred, not to exceed certain individual and aggregate stop-loss limits. In addition, health insurance premiums, state unemployment taxes and workers' compensation rates for the Company are in large part determined by our claims experience. These categories of expenditure comprise a significant portion of our direct costs. If we experience a large increase in claim activity, our direct expenditures, health insurance premiums, unemployment taxes or workers' compensation rates may increase. Although we employ internal and external risk management procedures in an attempt to manage our claims incidence and estimate claims expenses and structure our benefit contracts to provide as much cost stability as reasonably possible given the self-funded nature of our plans, we may not be able to prevent increases in claim activity, accurately estimate our claims expenses or pass the cost of such increases on to our clients. Since our ability to incorporate such increases into our fees to our clients is constrained by contractual arrangements with our clients, a delay could occur before such increases could be reflected in our fees, which may reduce our profit margin. As a result, such increases could have a material adverse effect on our financial condition, results of operations and liquidity.

If we are unable to attract qualified personnel, our business may be negatively affected.

We rely heavily on our ability to attract and retain qualified professionals and other personnel who possess the skills, experience and licenses necessary in order to provide our solutions for our assignments. Our business is materially dependent upon the continued availability of such qualified personnel. Our inability to secure qualified personnel would have a material adverse effect on our business. The cost of attracting qualified personnel and providing them with attractive benefits packages may be higher than we anticipate and, as a result, if we are unable to pass these costs on to our clients, our profitability could decline. Moreover, if we are unable to attract and retain qualified personnel, the quality of our services may decline and, as a result, we could lose clients.

We are exposed to increased costs and risks associated with complying with increasing and new regulation of corporate governance and disclosure standards.

Since the effectiveness for us of the Sarbanes-Oxley Act of 2002, we spend an increasing amount of management's time and resources (both internal and external) to comply with changing laws, regulations and standards relating to corporate governance and public disclosures. This compliance requires management's annual review and evaluation of our internal control systems. This process has caused us to engage outside advisory services and has resulted in additional accounting and legal expenses. We may encounter problems or delays in completing these reviews and evaluation and the implementation of improvements. If we are not able to timely comply with the requirements set forth in the Sarbanes-Oxley Act of 2002, we might be subject to sanctions or investigation by regulatory authorities. Any such action could materially adversely affect our business and our stock price.

We are highly dependent on the proper functioning of our information systems.

We are highly dependent on the proper functioning of our information systems in operating our business. Critical information systems used in daily operations match employee resources and client assignments and track regulatory credentialing. They also perform payroll, billing and accounts receivable functions. While we have multiple back up plans for these types of contingencies, our information systems are vulnerable to fire, storm, flood, power loss, telecommunications failures, physical or software break-ins and similar events. If our information systems fail or are otherwise unavailable, these functions would have to be accomplished manually, which in turn could impact our financial viability, due to the increased cost associated with performing these functions manually.

We have a substantial amount of goodwill on our balance sheet. Future write-offs of goodwill may have the effect of decreasing our earnings or increasing our losses.

We have previously obtained growth through acquisitions of other companies and businesses. Under existing accounting standards, we are required to periodically review goodwill assets for possible impairment. In the event that we are required to write down the value of any assets under these pronouncements, it may materially and adversely affect our earnings. See the more detailed discussion appearing as part of our Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 herein.

We have a significant amount of net operating loss carry forwards which we may not be able to utilize in certain circumstances.

At September 30, 2014, we had net operating losses, or NOLs, of approximately $40.8 million and $29.2 million for U.S. and state tax return purposes, respectively, and unutilized tax credits of approximately $1.1 million. Our U.S. NOLs begin to expire in 2021 and continue to expire through 2033. The tax affect of these net operating losses are offset by valuation allowances of $11.1 million as of September 30, 2014. Due to our recent trend of positive operating results, in the fiscal year ended September 30, 2014 we realized a $4.6 million tax benefit related to the release of a portion of our valuation allowance, to reflect the amount of our deferred tax asset that we expect to realize in future years. This release is based upon our current estimate of future taxable earnings based on results generated through the fiscal year ended September 30, 2014. As a result of our non-cash valuation allowance release during our fiscal year ended September 30, 2014, our U.S. tax provision expense in future periods may be at a higher effective tax rate, which will reduce our net income (or loss) and earnings (or loss) per share by a greater amount than it has in the past.

Our credit facility is secured by a lien on substantially all of our assets and if we are unable to make the scheduled principal and interest payments on the facility or maintain compliance with other debt covenants, we may default on the facility.

Details of the revolving credit line are disclosed in Part II - Management's Discussion and Analysis and in Notes 5 and 6 to the consolidated audited financial statements included in this Annual Report on Form 10-K. The Loan Agreement requires compliance with customary covenants and contains restrictions on the Company's ability to engage in certain transactions. Further, the Loan Agreement provides for customary events of default following which the Lender may, at its option, immediately terminate the loan agreement and accelerate the repayment of any amount outstanding. The defined events of default include, among other things, a material adverse change in the Company's circumstances, or if the Lender deems itself insecure in the ability of the Company to repay its obligations, or as to the sufficiency of the collateral. The failure to comply with any of these covenants would cause a default, which, if not waived, could cause our debt to become immediately due and payable.

Risks Relating To Our Stock

Our stock price may be volatile and your investment in our common stock may suffer a decline in value.

The price of our common stock could be subject to fluctuations and may decline in the future. This volatility may result from the impact on our stock price of various specific factors, including but not limited to the following:

- actual or anticipated fluctuations in our operating results;
- actual or anticipated changes in our growth rates or our competitors' growth rates;
- actual or anticipated changes in healthcare or government policy in the U.S.;
- conditions in the financial markets in general or changes in general economic conditions;
- our ability to stay in compliance with credit facility covenants;
- our inability to raise additional capital when and if it is required for use in our business;
- conditions of our competitors or the government services industry generally;
- conditions of our current and desired clients;
- changes in stock market analyst recommendations regarding our common stock, other comparable companies or the government services industry generally;
- the impact of our ability to effectively implement acquisitions, investments, joint ventures and divestitures that we may undertake;
- the impact of the volatility of the market value of comparable public companies that are considered in our valuation process and any publicly traded securities we may own; and
- the impact of litigation, government investigations or customer or other disputes on our operating performance and future prospects.

Since we have not paid dividends on our common stock, you cannot expect dividend income from an investment in our common stock.

We have not paid any dividends on our common stock since our inception and do not contemplate or anticipate paying any dividends on our common stock in the foreseeable future. Current lenders do and future potential lenders may prohibit us from paying dividends without its prior consent. Therefore, holders of our common stock may not receive any dividends on their investment in us. Earnings, if any, may be retained and used to finance the development and expansion of our business.

We may issue preferred stock with rights senior to our common stock, which may adversely impact the voting and other rights of the holders of our common stock.

Our certificate of incorporation authorizes the issuance of "blank check" preferred stock with such designations, rights and preferences as may be determined from time to time by our board of directors up to an aggregate of 5,000,000 shares of preferred stock. Accordingly, our board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights, which would adversely affect the voting power or other rights of the holders of our common stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of our Company, which could have the effect of discouraging bids for our Company and thereby prevent stockholders from receiving the maximum value for their shares. Although we have no present intention to issue any shares of our preferred stock, in order to discourage or delay a change of control of our Company, we may do so in the future. In addition, we may determine to issue preferred stock in connection with capital raising efforts and the terms of the stock so issued could have special voting rights or rights related to the composition of our Board.

Anti-takeover provisions in our Articles of Incorporation make a change in control of our Company more difficult.

The provisions of our Articles of Incorporation and the New Jersey Business Corporation Act, together or separately, could discourage potential acquisition proposals, delay or prevent a change in control and limit the price that certain investors might be willing to pay in the future for our common stock. Among other things, these provisions:

- require certain supermajority votes;
- establish certain advance notice procedures for nomination of candidates for election as directors and for shareholders' proposals to be considered at shareholders' meetings; and
- divide the board of directors into three classes of directors serving staggered three-year terms.

In addition, the New Jersey Business Corporation Act contains provisions that, under certain conditions, prohibit business combinations with 10% shareholders and any New Jersey corporation for a period of five years from the time of acquisition of shares by the 10% shareholder. The New Jersey Business Corporation Act also contains provisions that restrict certain business combinations and other transactions between a New Jersey corporation and 10% shareholders.

Our executive officers, directors and significant stockholders will be able to influence matters requiring stockholder approval

As of September 30, 2014, our executive officers, directors and largest shareholder (Wynnefield Capital, Inc. and its affiliates) own approximately 54% of our outstanding common stock. Within this amount, Wynnefield Capital, Inc. and its affiliates own approximately 46% of our outstanding common stock. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale or merger of our company and may negatively affect the market price of our common stock. These transactions might include proxy contests, tender offers, mergers or other purchases of common stock that could give our stockholders the opportunity to realize a premium over the then-prevailing market price for shares of our common stock.

In addition, persons associated with Wynnefield Capital, Inc. currently serve on our Board of Directors. As a result of this share ownership and relationships on our Board of Directors, our largest stockholder will be able to influence all affairs and actions of our company, including matters requiring stockholder approval such as the election of directors and approval of significant corporate transactions. The interests of our principal stockholders may differ from the interests of the other stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments.

ITEM 2. PROPERTIES

Operations and Facilities

DLH's corporate headquarters are located to 1776 Peachtree Street, NW, Suite 300S, in Atlanta, Georgia. The Company also has leased office space in Loganville, Georgia. The facilities provide sufficient capacity to meet demands for the foreseeable future. In the fiscal year ended September 30, 2014, DLH's total lease expense for operations was approximately $193,000.

The following is summary information on DLH's facilities as of September 30, 2014:

Location	Approximate Square Feet	Expiration Date
Corporate Headquarters 1776 Peachtree Street, Suite 300S Atlanta, GA 30309	3,925	7/31/2017
DLH Solutions, Inc. 3525 Highway 81 South Loganville, GA 30052	6,200	5/31/2015

ITEM 3. LEGAL PROCEEDINGS

As the Company has previously reported, it was advised of a claim by the U.S. Attorney based on an alleged omission to pay certain classes of employees the prevailing wages as required by the Service Contract Act during the years 2003-2010. On
December 12, 2013, the Company was further advised by the U.S. Attorney that, after a review of the merits of the complaint, the U.S. Department of Justice declined to intervene and the claim has been dismissed in its entirety.

As a commercial enterprise and employer, the Company is subject to various claims and legal actions in the ordinary course of business. These matters can include professional liability, employment-relations issues, workers' compensation, tax, payroll and employee-related matters, other commercial disputes arising in the course of its business, and inquiries and investigations by governmental agencies regarding our employment practices or other matters. Other than previously reported, the Company is not aware of any pending or threatened litigation that it believes is reasonably likely to have a material adverse effect on its results of operations, financial position or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Principal Market

Our common stock is currently traded on The Nasdaq Capital Market under the symbol "DLHC."

Market Information

The ranges of high and low sales prices for the Company's common stock for the periods indicated below are:

Common Stock

FISCAL YEAR 2014	LOW	HIGH
1st Quarter	$ 1.02	$ 1.74
2nd Quarter	$ 1.44	$ 3.50
3rd Quarter	$ 1.28	$ 2.48
4th Quarter	$ 1.74	$ 2.10

FISCAL YEAR 2013	LOW	HIGH
1st Quarter	$ 0.54	$ 1.21
2nd Quarter	$ 0.65	$ 1.45
3rd Quarter	$ 0.69	$ 0.97
4th Quarter	$ 0.56	$ 1.65

The above quotations reported by Nasdaq, represent prices between dealers and do not include retail mark-ups, markdowns or commissions. Such quotations do not necessarily represent actual transactions. On September 30, 2014, the Company's common stock had a closing price of $1.94 per share.

Dividends

The Company has not declared any cash dividends on its common stock since inception and has no present intention of paying any cash dividends on its common stock in the foreseeable future.

Approximate Number of Equity Security Holders

As of September 30, 2014, there were 9,566,146 shares of common stock outstanding held of record by 175 persons. The number of stockholders of record is not representative of the number of beneficial stockholders due to the fact that many shares are held by depositories, brokers, or nominees. As of November 26, 2014, the Company believes it has approximately 1,754 beneficial owners of its common stock.

Sales of Unregistered Securities

During the period covered by this report, the Company did not issue any securities that were not registered under the Securities Act of 1933, as amended, except as has been reported in previous filings with the SEC or as set forth elsewhere herein.

Securities Authorized for Issuance under Equity Compensation Plans

DLH presently utilizes one shareholder-approved equity compensation plan under which it makes equity compensation awards available to officers, directors, employees and consultants. The table set forth below discloses outstanding and available awards under our equity compensation plans as of September 30, 2014. All grants of equity securities made to executive officers and directors, including those to the Chief Executive Officer are presently made under the 2006 Long Term Incentive Plan.

Equity Compensation Plan Information(*)

Plan Category	(a) Number of Securities to be issued upon exercise of outstanding options, warrants and rights		(b) Weighted Average exercise price of outstanding options, warrants and rights (or fair value at date of grant)	(c) Number of securities remaining available for future issuances under equity compensation plans (excluding securities reflected in column (a))
Equity Compensation Plans Approved by Security Holders:				
2006 Long Term Incentive Plan	2,379,500		$ 1.40	930,347
Equity Compensation Plans Not Approved by Stockholders	20,000	(1)	$ 2.28	—

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(1) Consists of warrants to purchase common stock issued to a consultant.

Registrant Repurchases of Securities

On September 18, 2013, the Company announced that our Board of Directors authorized a stock repurchase program (the Program) under which we could repurchase up to $350 thousand of shares of our common stock through open market transactions in compliance with Securities and Exchange Commission Rule 10b-18, privately negotiated transactions, or other means. This repurchase program does not have an expiration date.

During fiscal fourth quarter ended September 30, 2014, the Company repurchased a total of 31,027 shares of its common stock pursuant to the program. As of September 30, 2014 there is a total of $259 thousand remaining for repurchases under the program.

The following table provides certain information with respect to the status of our stock repurchase program as of fourth quarter ended September 30, 2014:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Programs	($ in thousands) Dollar Value of Shares that May Yet Be Purchased Under the Plan or Program
First Quarter Total	**17,275**	**$ 1.20**	**17,275**	**$ 329**
Second Quarter Total	**—**	**$ —**	**—**	**$ 329**
Third Quarter Total	**5,600**	**$ 1.76**	**5,600**	**$ 319**
July 2014	8,700	$ 1.91	8,700	$ 303
August 2014	12,877	$ 1.95	12,877	$ 278
September 2014	9,450	$ 1.95	9,450	$ 259
Fourth Quarter Total	**31,027**	**$ 1.94**	**31,027**	**$ 259**

ITEM 6. SELECTED FINANCIAL DATA

We are a "smaller reporting company" as defined by Regulation S-K and as such, are not required to provide the information contained in this item pursuant to Regulation S-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking and Cautionary Statements

You should read the following discussion in conjunction with the Condensed Consolidated Financial Statements and the notes to those statements included elsewhere in this Annual Report on Form 10-K for the year ended September 30, 2014. This discussion contains certain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Certain statements contained in this Management's Discussion and Analysis are forward-looking statements that involve risks and uncertainties. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry and business. Our actual results could differ materially from the results contemplated by these forward-looking statements.

Forward Looking Strategic Overview

DLH continues to follow federal budget, legislative, and contracting trends and activities as we develop our future market strategies. In doing so, we continue to focus on the following key initiatives in an effort to broaden our position in the U.S. Government contracting market:

- differentiate DLH offerings by delivering professional, technical, logistical, and consulting services that enable customers to achieve business value through the use of best-in-class processes. Specifically, we use SPOT-m™, DLH's unique approach to integration of people, processes, and technology tools to measure, manage and optimize our performance at project or enterprise levels;

- continue expansion through organic growth as a prime contractor by delivering quality services and cost effective solutions to our customers. Organic growth has contributed to a 23% increase in revenue over the past three years, from $49.2 million for fiscal year 2012 to $60.5 million for fiscal 2014;

- selectively review and position ourselves for potential strategic acquisitions or other business arrangements such as subcontracting and joint ventures, in an effort to expand the number of opportunities available and increase our market coverage; and

- continue to seek opportunities to increase our sales volume by adding to our business development leadership team, strategic advisers, and health industry resources

While the recent budget actions taken by the government (notably, the Bipartisan Budget Act of 2013 and the Consolidated Appropriations Act signed by the President in January 2014) provide a more measured approach to addressing the U.S. Government's fiscal challenges, sequestration remains a long-term concern. If not further modified, sequestration could still have negative impacts on our industry. Though our current customer base is largely exempt from sequestration, prospective future customers may continue to have budget pressure.

Business Overview

DLH provides services and solutions within two broad US Government markets: healthcare and logistics. Our offerings are segregated into two revenue streams: Healthcare Delivery Solutions and Logistics & Technical Services, which now includes our contingency staff augmentation service offering. Our services are provided to government agencies including the Department of Veteran Affairs, the Department of Defense, and other government clients.

The approximate percentage of revenue derived from our services and solutions are shown in the following table:

Revenue Stream	Fiscal Year Ended September 30, 2014	Fiscal Year Ended September 30, 2013
Healthcare Delivery Solutions	52%	54%
Logistics &Technical Services	48%	46%

Healthcare Delivery Solutions

Healthcare Delivery Solutions provide a broad continuum of care for our nation's servicemen/women and veterans in various settings and facilities. These include Combat Trauma Centers (CTCs), Military Treatment Facilities (MTFs), Medical Centers, Community-based Outpatient Clinics (CBOCs), and Pharmacy Distribution Centers (including VA Consolidated Mail-order Outpatient Pharmacy). We leverage our network of over 400 active clinicians and other healthcare workers throughout selected regions in the US, applying differentiating tools, databases and technology (including e-PRAT and SPOT-m) to deliver these services. For over a decade, DLH Solutions has been serving the DVA and DoD in providing qualified medical and other professionals in a variety of positions. As more and more federal and DoD programs increase their performance-based requirements, DLH Solutions' workforce profile of medical talent and credentials will help it to compete and differentiate itself in the market place. Our healthcare and medical service new business pipeline adds important credentials strategically linked to diversifying and profitably growing our Healthcare Delivery Solutions business base. Professional services have included case management, health and injury assessment, critical care, medical/surgical, emergency room/trauma center, counseling, behavioral health and traumatic brain injury management, medical systems analysis, and medical logistics. While the DVA is its largest customer in this business unit, the Company has focused on leveraging that experience in adjacent healthcare markets within DoD and other federal agencies.

Logistics & Technical Services

Logistics & Technical Services draws heavily upon our proven logistics expertise and processes. DLH resources possess expertise covering a wide range of logistics, readiness and project engineering. The experience of DLH Solutions' project personnel is diverse from operational unit level to systems and program office experience. Our core competencies include supply chain management, performance-based logistics, distribution center and inventory management, statistical process control, packaging/handling/storage & transportation, configuration management, readiness planning, and supply support operations. In addition, we provide program and project management, systems engineering and applicable information technology services, integrated logistics support (including operational systems), readiness assessments, training, equipment maintenance, hazardous material management, facilities and shipyard support services and more. DLH Solutions also provides professional staff to the federal government specializing in logistics, office administration, IT, and facilities/warehouse management. Contingency staff augmentation provides disaster and emergency response services and civilian workforce augmentation services.

Through competitively awarded contracts and task orders (including its LOGWORLD contract) DLH Solutions has developed a strong portfolio of logistics processes, personnel and tools to help its clients achieve nationally recognized awards for customer satisfaction. While the DVA is its largest customer in this area, the Company has taken steps to expand in adjacent logistics markets within DoD and other federal agencies.

Forward Looking Business Trends

DLH continues to see stability and growth within our sector of the federal government market, specifically the DVA, which comprises approximately 96% of our current customer base.

We continue to see strong bipartisan support for improving the healthcare of US Veterans. The *Veterans Access, Choice, and Accountability Act of 2014* was passed by both houses of Congress, and signed into law by President Obama on August 7, 2014. According to the Congressional Budget Office, the bill would result in net spending of roughly $10 billion from 2014 through 2024. Portions of the bill cover our addressable market of providing services to facilitate access to and quality of care for veterans.

Passage of this bill followed the President's March 2014 proposed $163.9 billion budget for the DVA 2015 fiscal year, to support the VA’s goals to expand access to health care and other benefits, eliminate the disability claims backlog, and end homelessness among Veterans. The $68.3 billion discretionary portion of the budget is a $2.0 billion increase over 2014 enacted levels. This request reflects a 35.2% increase in discretionary budget since 2009 with a 3.0% increase over 2014, covering approximately 9.3 million Veterans enrolled in VA healthcare.

DLH is encouraged by recent bipartisan and Pentagon support for our strategic addressable markets within the DoD and Department of Veterans Affairs. The DVA fiscal year 2014 - 2020 Strategic Plan includes the goal to enhance and develop trusted partnerships with the DoD and the private sector, among others. We believe that our operational efficiency and expertise is well aligned with the DVA strategic goals to manage and improve VA operations to deliver seamless and integrated support.

From an overall budget perspective, on September 18, 2014, the 113th Congress passed continuing resolution (CR), H.J. Res. 124. The CR continues funding for all federally funded programs through December 11, 2014 at slightly below fiscal year 2014 funding levels, on an annualized basis. When lawmakers return after the November 2014 mid-term election, Congress will either finalize fiscal year 2015 into an omnibus appropriations bill, or extend the CR into early/mid 2015 to be acted upon by the 114th Congress whose session begins in January 2015.

While there have been bipartisan calls to increase defense spending in 2015 and beyond, it remains likely that government discretionary spending will be constrained for several years to come. As with other companies operating in the federal government market, the possibility remains that one or more of our targeted programs could be cut back or terminated as a result of:

- federal government budget deficits and the growing U.S. national debt increasing pressure on the U.S. government to reduce federal spending across all federal agencies together with associated uncertainty about the size and timing of those reductions;
- cost cutting and efficiency initiatives, current and future budget reductions, continued implementation of Congressionally mandated automatic spending cuts, and other efforts to reduce U.S. government spending, which could cause clients to reduce or delay funding for orders for services;
- shift to greater use of lowest priced technically acceptable contracting award approaches by governmental agencies resulting in greater pressure on margins; and
- changes in the relative mix of overall U.S. government spending and areas of spending growth, with lower spending on homeland security, intelligence and defense-related programs as overseas operations end, and continued increased spending on cyber-security, advanced analytics, technology integration and healthcare.

Although specific funding priorities are subject to change from year to year, we believe that our strategic business alignment around selected military and veterans healthcare, health IT, and logistics sustainment services allows us to expand within what we consider to be top national priority programs and budget areas. Further, we will continue to target programs and agencies that we believe are likely to maintain a large addressable long-term market.

Results of Operations for Fiscal Year 2014 as Compared to Fiscal Year 2013

The following table summarizes, for the periods indicated, selected consolidated statements of operations data expressed in dollars in thousands except for per share amounts, and as a percentage of revenue:

Condensed Consolidated Statement of Operations:	Year Ended September 30, 2014		September 30, 2013		Change (lower)	
Revenues	$ 60,493	100.0%	$ 53,506	100.0 %	$ 6,987	— %
Direct expenses	51,534	85.2%	46,007	86.0 %	5,527	(0.8)%
Gross margin	8,959	14.8%	7,499	14.0 %	1,460	0.8 %
General and administrative expenses	8,089	13.4%	7,130	13.3 %	959	0.1 %
Depreciation and amortization	106	0.2%	121	0.2 %	(15)	— %
Income from operations	**764**	**1.2%**	**248**	**0.5 %**	**516**	**0.7 %**
Other income (expense), net	(4)	—%	(407)	(0.8)%	403	0.8 %
Income (loss) before income taxes	**760**	**1.2%**	**(159)**	**(0.3)%**	**919**	**1.5 %**
(Benefit) provision for income taxes	(4,597)		—		(4,597)	
Net Income (loss)	**$ 5,357**		**$ (159)**		**$ 5,516**	
Income (loss) before taxes per share - basic	$ 0.08		$ (0.02)		$ 0.10	
Income (loss) before taxes per share - diluted	$ 0.08		$ (0.02)		$ 0.10	
Net Income (loss) per share - basic	$ 0.56		$ (0.02)		$ 0.58	
Net Income (loss) per share - diluted	$ 0.54		$ (0.02)		$ 0.56	

Revenues

Fiscal year 2014 revenue was $60.5 million, an increase of $7.0 million or 13.1% over the prior year period. The increase in revenue is due primarily to new business awarded in 2013 and 2014, as well as expansion on current programs.

Direct Expenses

Direct expenses are generally comprised of direct labor (including benefits), taxes and insurance, workers compensation expense, subcontract cost, and other direct costs. Fiscal year 2014 direct expenses were $51.5 million, an increase of approximately $5.5 million or 12.0% over the prior year period on higher revenue. As a percentage of revenue, direct expenses decreased by approximately (0.8)%, with the improvement attributable to favorable contract performance and cost management, offset in part by increased workers compensation costs.

Gross Margin

Gross margin for the year ended September 30, 2014 was approximately $9.0 million, an increase of approximately $1.5 million or 19.5% over prior fiscal year. As a percentage of revenue, our gross margin rate of 14.8% for the year ended September 30, 2014, increased by 0.8% over the prior year period. The gross margin rate benefited from new business awarded in 2013 and improved contract performance, with downward pressure from increased workers compensation costs. We continue to focus on internal measures to control costs and improve our margin.

General and Administrative Expenses

General and administrative ("G&A") expenses primarily relate to functions such as operations overhead, corporate management, legal, finance, accounting, contracts administration, human resources, management information systems, and business development. Fiscal year 2014 G&A expenses were approximately $8.1 million, an increase of approximately of $1.0 million or 13.5% over the prior year period. The increase in expense was due principally to managing our increased business volume, spending on new business acquisition initiatives, and non-cash stock option expense. Excluding non-cash stock option expense of $472 thousand and $206 thousand for 2014 and 2013, respectively, G&A expenses for fiscal year 2014 increased by 10.0% over the prior year period.

As a percentage of revenue, G&A expenses increased by 0.1% over the prior year period, due to the factors described above. Excluding non-cash stock option expense of $472 thousand and $206 thousand for 2014 and 2013, respectively, G&A expenses for fiscal year 2014 were 12.6% of revenue, a decrease of 0.3% over prior year.

Depreciation and Amortization

DLH, as a professional services organization, has not required significant recurring expenditures on capital equipment and other fixed assets.

Income from Operations

Income from operations for the year ended September 30, 2014 was approximately $0.8 million, an increase of approximately $0.5 million over the prior fiscal year. The increase in income in fiscal 2014 was due to improved gross margin of approximately $1.5 million offset by growth of $1.0 million in G&A expenses as described above.

Other Expense, net

For the year ended September 30, 2014, other income (expense), net, was approximately $(4) thousand, an improvement of approximately $403 thousand over the prior fiscal year. The current year improvement is due principally to a gain recognized on the maturity of the derivative financial instruments associated with our convertible debentures that were settled in first quarter fiscal 2014.

Income before Income Taxes

Income before taxes for fiscal year ended September 30, 2014 was approximately $0.8 million, an improvement of approximately $0.9 million over prior fiscal year, due principally to improved income from operations and lower financing and borrowing expenses. Income before taxes per share basic and diluted was $0.08 per share for year ended September 30, 2014, an improvement of $0.10 per share over prior year period.

Income Tax

Due to our recent trend of positive operating results, in the fiscal year ended September 30, 2014 we realized a $4.6 million tax benefit related to the release of a portion of our valuation allowance, to reflect the amount of our deferred tax asset that we expect to realize in future years. This release is based upon our current estimate of future taxable earnings based on results generated through the fiscal year ended September 30, 2014. To project taxable income in the carryforward period, we first estimated revenue for the carryforward period based on the expected performance under current contracts, plus expected changes in the contract base. Using these estimates of revenue, we assumed a proportional level of book income as was generated from the revenues recorded in the fiscal year ended September 30, 2014. We further assumed that tax goodwill amortization would continue through its 15 year life. Finally, we assumed that the net timing differences as of the fiscal year ended September 30, 2014 would fully reverse.

Using the taxable income projection, we calculated the amount of NOL utilization that would be achieved within each loss year's carryforward period. Our estimate of future taxable income will be revised at least annually or more frequently upon the occurrence of an event which warrants a new estimate. In the fiscal year ended September 30, 2013 the Company did not recognize a tax expense or benefit.

As a result of our non-cash valuation allowance release during our fiscal year ended September 30, 2014, our U.S. tax provision expense in future periods may be at a higher effective tax rate, which will reduce our net income (or loss) and earnings (or loss) per share by a greater amount than it has in the past. However, we expect higher effective tax rates and tax provisions will result in non-cash U.S. income tax expense, as we expect to be able to utilize net operating losses to offset future cash taxes in the U.S. into the foreseeable future.

Net Income

Net income for the year ended September 30, 2014 was approximately $5.4 million or $0.54 per basic and diluted share, an improvement of approximately $5.5 million over prior year period, or $0.56 per basic and diluted share. This improvement is due principally to the benefit recognized on income tax assets, in addition to increased revenue and gross margin.

Other Data for the Year ended 2014 and 2013

We use Earnings Before Interest Tax Depreciation and Amortization ("EBITDA") adjusted for other non-cash charges ("Adjusted EBITDA"), as a supplemental non-GAAP measure of our performance. We define Adjusted EBITDA as net income (loss) plus (i) interest and other expenses, net, (ii) provision for or benefit from income taxes, if any, (iii) depreciation and amortization, and (iv) G&A expenses — equity grants. This non-GAAP measure of our performance is used by management to conduct and evaluate its business during its regular review of operating results for the periods presented. Management and the Company's Board utilize this non-GAAP measure to make decisions about the use of the Company's resources, analyze performance between periods, develop internal projections and measure management performance. We believe that this non-GAAP measure is useful to investors in evaluating the Company's ongoing operating and financial results and understanding how such results compare with the Company's historical performance. By providing this non-GAAP measure, as a supplement to GAAP information, we believe we are enhancing investors' understanding of our business and our results of operations. This non-GAAP financial measure is limited in its usefulness and should be considered in addition to, and not in lieu of, US GAAP financial measures. Further, this non-GAAP measure may be unique to the Company, as it may be different from the definition of non-GAAP measures used by other companies. A reconciliation of Adjusted EBITDA with net income (loss) is as follows, shown in dollars in thousands:

	Year Ended September 30,		
	2014	2013	Change
Net income (loss)	$ 5,357	$ (159)	$ 5,516
(i) Interest and other expenses, net	4	407	(403)
(ii) (Benefit) provision for income taxes	(4,597)	—	(4,597)
(iii) Depreciation and amortization	106	121	(15)
(iv) G&A expenses — equity grants	472	206	266
EBITDA adjusted for other non-cash charges	$ 1,342	$ 575	$ 767

EBITDA adjusted for other non-cash charges for the fiscal year ended September 30, 2014 was approximately $1.3 million, an increase of approximately $0.8 million over the prior fiscal year ended September 30, 2013. This increase is due principally to increased revenue and gross margin as described in the preceding paragraphs.

Liquidity and Capital Resources

Presently, the Company derives all of its revenue from agencies of the federal government. A major customer is defined as a customer from whom the Company derives at least 10% of its revenues. In each of the fiscal year ended September 30, 2014 and 2013, revenue from the U.S. Government accounted, either directly or indirectly, for 100% of the Company's total revenue. Within the U.S. Government, our largest customer continues to be the Department of Veterans Affairs (DVA), at 96% of revenue for the years ended September 30, 2014 and 2013.

Accordingly, DLH remains dependent upon the continuation of its relationship with the DVA. As of September 30, 2014, these awards from the DVA have anticipated periods of performance ranging from approximately two to up to five years. These agreements are subject to the Federal Acquisition Regulations, and there can be no assurance as to the actual amount of services that the Company will ultimately provide to the DVA under these awards. The Company's results of operations, cash flows and financial condition would be materially adversely affected in the event that we were unable to continue our relationships with the DVA.

Cash position at September 30, 2014

For the year ended September 30, 2014, the Company generated operating income of $0.8 million and net income of approximately $5.4 million. At September 30, 2014, the Company had an accumulated deficit of approximately $(62.2) million.

Our cash position has significantly improved during the year ended September 30, 2014. Selected sources and uses of cash are shown in the table below, (amounts in millions):

	Ref	Year Ended 09/30/14
Cash and cash equivalents	(a)	$3.9
Borrowing on line of credit	(b)	$0.0
Line of credit availability	(c)	$2.5
Adjusted EBITDA	(d)	$1.3
Cash flows from operating activities	(e)	$1.7
Cash flows used in financing activities	(f)	$(1.2)
Working capital (current assets minus current liabilities)	(g)	$0.7

Ref (a): At September 30, 2014, the Company had cash deposits on hand of approximately $3.9 million.

Ref (b): The Company had no borrowing on our line of credit at September 30, 2014. This represents a reduction in borrowing of approximately $1.0 million for the year ended September 30, 2014.

Ref (c): At September 30, 2014, our available loan reserves were approximately $2.5 million, comprised of approximately $1.4 million in stand by letter of credit reserve and $1.1 million of unused loan capacity.

Ref (d): Adjusted EBITDA of approximately $1.3 million represents income from operations before reductions for non-cash operating expenses and depreciation. It is an internal measure used by management to gauge the amount of cash generated from operations.

Ref (e): Cash flows from operating activities increased $1.7 million due principally to improved profitability and cash collateral released upon issuance of a standby letter of credit, partially offset by higher accounts receivable and a net reduction in accrued current liabilities.

Ref (f): Cash flows used in financing activities for the year ended September 30, 2014 were approximately $(1.2) million, resulting from repayment of our loan balance and net repayments of our convertible debentures during first quarter 2014. In addition, net cash used in investing activities for the year ended September 30, 2014 was approximately $(13) thousand, consistent with our historically low requirements for expenditures on fixed assets and capital equipment.

Ref (g): We had approximately $0.7 million in surplus working capital at September 30, 2014, a $2.7 million improvement over the prior year period. This was due to working capital generated from profitable operations, release of cash collateral upon issuance of a standby letter of credit, and capital derived from conversion of convertible debt and exercise of warrants during first quarter 2014.

Sources of cash and cash equivalents

The Company's immediate sources of liquidity include cash and cash equivalents, accounts receivable, and access to its asset-based credit facility with Presidential Financial Corporation. As described in greater detail below, presently, this credit facility provides us with access of up $3 million, with the ability for it to increase to $6 million, subject to certain conditions. The Company's present operating liabilities are largely predictable and consist of vendor and payroll related obligations. The Company's operations may require working capital to fund the future growth of its business model with expanded business development efforts, and planned capital expenditures to support a larger customer base.

Management's assessment of cash and cash equivalents at September 30, 2014

Management believes, at present, that: (a) cash and cash equivalents of approximately $3.9 million as of September 30, 2014; (b) the amount available under its line of credit (which is limited to the amount of eligible assets); (c) planned operating cash flow; and (d) effects of cost reduction programs and initiatives should be sufficient to support the Company's operations for twelve months from the date of these financial statements.

Loan Facility

On July 29, 2010, DLH Solutions entered into a Loan and Security Agreement (the "Loan Agreement"), as amended, with Presidential Financial Corporation (the "Lender"). Under the Loan Agreement, the Lender agreed to provide an initial two (2) year secured loan facility with renewal options to DLH Solutions. The current term of the Loan Agreement expires on July 29, 2015 and thereafter shall automatically renew on each anniversary date thereof for subsequent twelve month terms unless terminated by either party. The current available line of credit maximum amount is $6 million, with an unbilled accounts facility of the Loan Agreement currently set at a maximum of $1 million. Presently, the maximum availability under this loan facility is $3 million (the "Sublimit"), subject to eligible accounts receivable, excluding retroactive billings. The Company's ability to increase the Sublimit of its available credit is subject to the satisfaction of certain conditions, including (i) the Company's (a) demonstrated need for the increase and (b) compliance with the Loan Agreement, and (ii) the Lender's consent, in its sole discretion, to increase the Sublimit. At September 30, 2014, our loan availability was approximately $2.5 million, comprised of a $1.4 million letter of credit reserve and $1.1 million of unused loan capacity. As of September 30, 2014, there was no outstanding loan balance.

In addition, the Loan Agreement permits letters of credit to be issued under the overall credit facility, subject to availability provided by eligible billed and unbilled accounts receivable and further subject to a limit of $1.35 million. The letter of credit has an expiration date of May 15, 2015 and will automatically extend for additional one-year periods unless either party provides written notice of non-renewal within 60 days of the annual expiration date.

In March 2014, the Company further amended the Loan Agreement (the "Sixth Amendment") pursuant to which the Lender agreed to reduce the interest rate and certain of the service fees and modify the scope of the early termination fee. Key changes pursuant to the Sixth Amendment, effective as of March 1, 2014, are as follows;

- Interest rate for loans on billed accounts receivable was reduced to 4.0% from 5.2%
- Interest rate for loans on unbilled accounts receivable was reduced to 4.0% from 7.2%
- Monthly service charge was reduced to 0.3% from 0.65% of the average daily outstanding balance during the month so long as the Loan Agreement is outstanding; and
- Monthly collateral monitoring fee was reduced to $2,500 per month from $5,000 per month

The Loan Agreement, as amended, also provides that if the Loan Agreement is terminated prior to July 29, 2015, either (i) by DLH Solutions or automatically on the commencement of an insolvency proceeding by DLH Solutions or (ii) by Lender after the occurrence of an event of default, Lender will be entitled to a termination fee of 0.5% of the maximum loan amount sublimit then in effect.

DLH Solutions' ability to request loan advances under the Loan Agreement is subject to (i) computation of DLH Solutions' advance availability limit based on "eligible accounts receivables" (as defined in the Loan Agreement) multiplied by the "Accounts Advance Rate" established by the Lender which initially shall be 85% and may be increased or decreased by the Lender in exercise of its discretion; and (ii) compliance with the covenants and conditions of the loan. Unbilled accounts receivable are subject to a sub-facility limit of $1 million and an advance rate of 75%. The loan is secured by a security interest and lien on all of DLH Solutions' cash accounts, account deposits, letters of credit and investment property, chattel paper, furniture, fixtures and equipment, instruments, investment property, general intangibles, deposit accounts, inventory, other property, all proceeds and products of the foregoing (including proceeds of any insurance policies and claims against third parties for loss of any of the foregoing) and all books and records related thereto.

The Loan Agreement requires compliance with customary covenants and contains restrictions on the Company's ability to engage in certain transactions. Among other matters, under the loan agreement we may not, without consent of the Lender, (i) merge or consolidate with another entity, form any new subsidiary or acquire any interest in a third party; (ii) acquire any assets except in the ordinary course of business; (iii) incur debt or enter into transactions outside the ordinary course of business; (iv) sell or transfer collateral; (v) make any loans to, or investments in, any affiliate or enter into any transaction with an affiliate other than on an arms-length basis; (vi) pay or declare any dividends or other distributions; or (vii) redeem, retire or purchase any of our equity interests exceeding $50,000 or repay other outstanding indebtedness. Either party may terminate the Loan Agreement at any time upon 60 days written notice and the Loan Agreement provides for customary events of default following which the Lender may, at its option, immediately terminate the loan agreement and accelerate the repayment of any amount outstanding. At present, the Company has not experienced, and the financial institution has not declared, an event of default.

Convertible Debentures

As has been previously disclosed, certain entities affiliated with Wynnefield Capital, Inc., the Company's largest stockholder, owned convertible debentures in an aggregate principal amount of $350,000 and warrants to purchase an aggregate of 53,846 shares of common stock. These instruments were issued pursuant to a debenture purchase agreement in June 2011. The warrants were exercisable at a price of $0.96 until June 2016 and the conversion rate of the convertible debentures was $1.25.

Upon maturity on October 28, 2013, the principal amount of $210,000 of convertible debentures was converted into 168,000 shares of common stock and the principal amount of $140,000 on the remaining debenture was repaid in full. In addition, in October 2013, the holders of the warrants exercised such warrants in full for 53,846 shares of common stock. A non-recurring gain of $119 thousand was recognized related to the closure of the convertible debt. Additionally, expense of $20 thousand was recorded in the three months ended December 31, 2013, related to fair valuation of the warrants. The accrued liability of $61 thousand with respect to the fair value of the warrants was reflected as additional paid in capital upon their exercise. The shares of the Company's common stock issued upon conversion of the debentures were issued in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended. The shares of the Company's common stock issued upon exercise of the warrants were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended.

Payroll Taxes

From 2006 through 2009, DLH received notices from the Internal Revenue Service ("IRS") claiming taxes, interest and penalties due related to payroll taxes. These notices are predominantly related to the former PEO operations which were sold in fiscal 2003. DLH has also received notices from the IRS reporting overpayments of taxes. Management believes that these notices are predominantly the result of misapplication of payroll tax payments between its legal entities. If not resolved favorably, the Company may incur interest and penalties. Until the sale of certain assets related to the former PEO operations, DLH operated through 17 subsidiaries, and management believes that the IRS has not correctly identified payments made through certain of the different entities, therefore leading to the notices. DLH has also received notices from the Social Security Administration claiming variances in wage reporting compared to IRS transcripts. DLH believes the notices from the Social Security Administration are directly related to the IRS notices received. DLH believes that after the IRS applies all the funds correctly, any significant interest and penalties will be abated; however, there can be no assurance that each of these matters will be resolved favorably. In settling various years for specific subsidiaries with the IRS, the Company has received refunds for those specific periods; however, as the process of settling and concluding on other periods and subsidiaries is not yet completed, the potential exists for related penalties and interest. The remaining liability ($1.4 million at September 30, 2014 and September 30, 2013) has been recorded in accrued expenses and other current liabilities and includes estimated accrued penalties and interest totaling approximately $0.6 million.

The Company believes it has accrued for the entire estimated remaining liability, inclusive of interest and penalties through the date of the financial statements. The Company may incur additional interest and may incur possible additional penalties through the future date that this obligation is settled, however, it is not currently possible to estimate what, if any, additional amount(s) may be claimed in the future, given the uncertain timing and nature of any future settlement negotiations. No payments were made in fiscal 2014 and 2013. Management believes that the ultimate resolution of these remaining payroll tax matters will not have a significant adverse effect on its financial position or future results of operations. The Company's intention is that it will in due course seek to negotiate a mutually satisfactory payment plan with the IRS, but there is no assurance that it would be successful in doing so and the Company's future cash flows and liquidity could therefore be materially affected by this matter.

Contractual Obligations

		Payments Due By Period		
Obligations (Amounts in thousands)	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**
Loan Payable (1)	$ —	$ —	$ —	$ —
Operating Leases	303	143	160	—
Total Obligations	$ 303	$ 143	$ 160	$ —

(1) Represents the amounts recorded in respect of the loan payable due to Presidential Financial Corporation in accordance with the loan agreement.

Retroactive Billing Adjustments

Revenues related to retroactive billings in 2008 from an agency of the federal government were recognized when: (1) the Company developed and calculated an amount for such prior period services and had a contractual right to bill for such amounts under its arrangements, (2) there were no remaining unfulfilled conditions for approval of such billings and (3) collectibility was reasonably assured based on historical practices with, and contractual requirements of, the DVA. The related direct costs, principally comprised of salaries and benefits, were accrued to match the recognized reimbursements from the federal agency.

During the year ended September 30, 2008, DLH recognized revenues of $10.8 million and direct costs of $10.1 million related to these non-recurring adjustments. At September 30, 2014 and September 30, 2013, the amount of the remaining accounts receivable with the DVA approximated $9.3 million and accrued liabilities for salaries to employees and related benefits totaled $8.7 million. The $9.3 million in accounts receivable was unbilled to the DVA at September 30, 2014 and September 30, 2013.

In April 2012, the Company received formal contract modifications from the DVA concerning the retroactive billing matter for which revenue was accrued in 2008. The contract modifications from the DVA incorporate relevant wage determinations covering largely 2006 and 2007 applying to the Company's historical contracts with DVA during those periods. These government modifications initiate the procedures whereby the Company may invoice the DVA in accordance with the modified wage determinations and subsequently make timely retroactive payments to employees (active and inactive) covering work performed at the certain locations. The Company expects to follow the process directed by and in conjunction with the Department of Labor and the DVA in generating these invoices.

The Company continues to support the Government's review of the detailed supporting calculations for the retroactive billings and to negotiate an incremental final amount related to indirect costs and fees applied to these retroactive billings. DLH has had ongoing interactions with the customer during fiscal 2014, and in September 2014 we submitted a claim to the DVA to seek a final determination by the DVA's contracting officer of the amount due to DLH, and immediate payment of such amount. Although the timing cannot be guaranteed, at present, the Company expects to bill and collect such amounts within the next twelve months. The additional indirect costs and fees are estimated to be between $0.4 million and $0.6 million. The Company has developed these estimates under the same contractual provisions applied to the sites that were settled in 2008. However, because these amounts remain subject to government review, no assurances can be given that any amounts the Company may receive will be within the range specified above.

Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements subsequent to, or upon the filing of our consolidated financial statements in our Annual Report as defined under SEC rules.

Effects of Inflation

Inflation and changing prices have not had a material effect on DLH's net revenues and results of operations, as DLH has been able to modify its prices and cost structure to respond to inflation and changing prices.

Critical Accounting Policies and Estimates

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include valuation of goodwill, expected settlement amounts of accounts receivable, measurement of prepaid workers' compensation, valuation allowances established against accounts receivable and deferred tax assets, measurement of payroll tax contingencies, accounts payable, workers' compensation claims, and accrued expenses and the valuation of derivative financial instruments associated with debt agreements. In addition, the Company estimates overhead charges and allocates such charges throughout the year. Actual results could differ from those estimates. In particular, a material reduction in the fair value of goodwill would have a material adverse effect on the Company's financial position and results of operations. For a detailed discussion on the application of these and other accounting policies, you should review the discussion under the caption *Significant Accounting Policies* in Note 7 of the notes to our Consolidated Financial Statements contained elsewhere in this Annual Report on Form 10-K.

Revenue Recognition

DLH's revenue is derived from professional and other specialized service offerings to US Government agencies through a variety of contracts, some of which are fixed-price in nature and/or sourced through Federal Supply Schedules administered by the General Services Administration ("GSA") at fixed unit rates or hourly arrangements. We generally operate as a prime contractor, but have also entered into contracts as a subcontractor. The recognition of revenue from fixed rates is based upon objective criteria that generally do not require significant estimates that may change over time. DLH recognizes and records revenue on government contracts when it is realized, or realizable, and earned. DLH considers these requirements met when: (a) persuasive evidence of an arrangement exists; (b) the services have been delivered to the customer; (c) the sales price is fixed or determinable and free of contingencies or significant uncertainties; and (d) collectibility is reasonably assured.

Goodwill

DLH continues to review its goodwill for possible impairment or loss of value at least annually or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. At September 30, 2014, we performed a goodwill impairment evaluation. We performed both a qualitative and quantitative assessment of factors to determine whether it was necessary to perform the goodwill impairment test. Based on the results of the work performed, the Company has concluded that no impairment loss was warranted at September 30, 2014. Factors including non-renewal of a major contract or other substantial changes in business conditions could have a material adverse effect on the valuation of goodwill in future periods and the resulting charge could be material to future periods' results of operations. If an impairment write off of all the goodwill became necessary in future periods, a charge of up to $8.6 million would be expensed in the Consolidated Statement of Operations. All remaining goodwill is attributable to the DLH Solutions operating subsidiary.

Income Taxes

DLH accounts for income taxes in accordance with the liability method, whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reflected on the consolidated balance sheet when it is determined that it is more likely than not that the asset will be realized. This guidance also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized. The Company has adequate net operating loss carryforwards to offset against any taxable income in the current period. The Company recorded a valuation allowance against its net deferred tax assets of $11.1 million and $16.0 million at September 30, 2014 and 2013, respectively. Tax years open for examination are 2011 and forward.

New Accounting Pronouncements

A discussion of recently issued accounting pronouncements is described in Note 3 in the Notes to Consolidated Financial Statements elsewhere in this Annual Report, and we incorporate such discussion by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

DLH does not undertake trading practices in securities or other financial instruments and therefore does not have any material exposure to interest rate risk, foreign currency exchange rate risk, commodity price risk or other similar risks, which might otherwise result from such practices. DLH is not materially subject to fluctuations in foreign exchange rates, commodity prices or other market rates or prices from market sensitive instruments. DLH believes it does not have a material interest rate risk with respect to our prior workers' compensation programs, for which funds were deposited into trust for possible future payments of claims. DLH does not believe the level of exposure to interest rate fluctuations on its debt instruments is material given the amount of debt subject to variable interest rates and the prime rate interest rate floors of at least 3.25% applied by the Lender.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

See attached Consolidated Financial Statements beginning on page F-1 attached to this Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our CEO and President and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act) as of the end of the period covered by this report, has concluded that, based on the evaluation of these controls and procedures, our disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our CEO and President and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Our management, including our CEO and President and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. Our management, however, believes our disclosure controls and procedures are in fact effective to provide reasonable assurance that the objectives of the control system are met.

Management's Report on Internal Control over Financial Reporting

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2014. In making this evaluation, management used the 2013 framework on Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework on Internal Control-Integrated Framework, our management has concluded that our internal control over financial reporting was effective as of September 30, 2014.

This annual report does not include an attestation report of our independent registered public accounting firm regarding our internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the fourth fiscal quarter of our Company's fiscal year ended September 30, 2014, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Effective as of November 13, 2014, the Company granted an aggregate of 66,250 shares of non-restricted stock to its non-executive directors consistent with its compensation policy for non-executive directors. These shares were issued pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. There is no other information required to be disclosed that has materially affected, or is reasonably likely to materially affect, our results of operations, financial position or cash flows.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item with respect to our executive officers is provided under the caption entitled "Executive Officers of the Company" in Part I of this Annual Report on Form 10-K and is incorporated by reference herein. The information required by this item with respect to our directors, board committees, and corporate governance matters will be set forth in our definitive Proxy Statement under the captions "Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance" of the Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and is incorporated herein by reference to our Proxy Statement.

We have adopted a written code of business conduct and ethics, which applies to our principal executive officer, principal financial or accounting officer or person serving similar functions and all of our other employees and members of our board of directors. We did not waive any provisions of the code of business ethics during the year ended September 30, 2014. If we amend, or grant a waiver under, our code of business ethics that applies to our principal executive officer, principal financial or accounting officer, or persons performing similar functions, we intend to post information about such amendment or waiver on our website.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be set forth in our definitive Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and is incorporated herein by reference to our Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item will be set forth in our definitive Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and is incorporated herein by reference to our Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be set forth in our definitive Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and is incorporated herein by reference to our Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be set forth in our definitive Proxy Statement under the caption "Independent Registered Public Accounting Firm", to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and is incorporated herein by reference to our Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements

The financial statements and schedules of DLH are included in Part II, Item 8 of this report beginning on page F-1.

(a) (2) Financial Statement Schedule

All schedules have been omitted since the required information is not applicable or because the information required is included in the Consolidated Financial Statements or the notes thereto.

(a) (3) Exhibits

The exhibits designated with an asterisk (*) are filed herewith. All other exhibits have been previously filed with the Commission and, pursuant to 17 C.F.R. Secs. 201.24 and 240.12b-32, are incorporated by reference to the document referenced in brackets following the descriptions of such exhibits. The exhibits designated with a number sign (#) indicate a management contract or compensation plan or arrangement.

Exhibit No.		Description
3.1		Amended and Restated Certificate of Incorporation (filed as Exhibit A to Definitive Proxy Statement dated May 1, 2000 as filed with the Securities and Exchange Commission).
3.2		Amended By-Laws of Registrant adopted as of May 15, 2001 (filed as Exhibit 3.4 to the Registration Statement on Form S-4 File No. 333-61730).
3.3		Amended and restated By-Laws of Registrant adopted as of August 29, 2001 (filed as Exhibit 3.5 to the Registrant's Form S-3 filed on December 27, 2001).
3.4		Amendment to By-Laws of Registrant adopted November 8, 2007 (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on November 13, 2007).
3.5		Amendment to Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit B to Definitive Proxy Statement dated March 13, 2008 as filed with the Securities and Exchange Commission).
3.6		Amendment to Amended and Restated Certificate of Incorporation of the Company filed June 25, 2012 (filed as Exhibit 3.1 to Current Report on Form 8-K filed on June 26, 2012).
4.1		Convertible Debenture issued to Wynnefield Small Cap Value, LP I (filed as Exhibit 4.1 to Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011).
4.2		Convertible Debenture issued to Wynnefield Small Cap Value, LP (filed as Exhibit 4.2 to Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011).
4.3		Common Stock Purchase Warrant issued to Wynnefield Small Cap Value, LP I (filed as Exhibit 4.3 to Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011).
4.4		Common Stock Purchase Warrant issued to Wynnefield Small Cap Value, LP (filed as Exhibit 4.4 to Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011).
4.5		Form of Warrant Issued in October 2011 (filed as Exhibit 4.1 to Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2011).
4.6		Form of Subscription Rights Certificate (filed as Exhibit 4.5 to Registration Statement on Form S-1/A filed on April 26, 2012).
4.7		Form of Subscription Agent Agreement by and between Teamstaff, Inc. and Continental Stock Transfer & Trust Company (filed as Exhibit 4.6 to Registration Statement on Form S-1 filed on March 16, 2012).
10.1		Form of Stock Purchase Agreement among TeamStaff, Inc. and the Shareholders of RS Staffing Services, Inc. dated as of May 26, 2005 (filed as Exhibit 10.1 to Form 8-K dated June 8, 2005).
10.2	#	Form Notice of Restricted Stock Bonus Award and Restricted Stock Agreement (filed as Exhibit 10.2 to the Form 10-Q filed on May 15, 2006).
10.3	#	Form of Director Stock Option Agreement for options granted September 1, 2006. (filed as Exhibit 10.26 to the Company's Form 10-K filed on December 21, 2006).
10.4	#	Employment Agreement between the Company and Zachary C. Parker, dated February 9, 2010 (filed as Exhibit 10.1 to Current Report on Form 8-K filed on February 11, 2010).
10.5	#	Form of Stock Option Award under 2006 Long Term Incentive Plan (filed as Exhibit 10.6 to Quarterly Report on Form 10-Q filed on February 16, 2010).
10.6	†	Loan and Security Agreement, dated as of July 29, 2010, between Teamstaff Government Solutions, Inc. and Presidential Financial Corporation (filed as Exhibit 10.1 to Quarterly Report on Form 10-Q filed on August 16, 2010).

10.7		Secured Promissory Note, dated July 29, 2010, executed by TeamStaff Government Solutions, Inc.(filed as Exhibit 10.2 to Quarterly Report on Form 10-Q filed on August 16, 2010).
10.8		Corporate Guaranty Agreement, dated July 29, 2010, executed by TeamStaff, Inc. (filed as Exhibit 10.3 to Quarterly Report on Form 10-Q filed on August 16, 2010).
10.9		Amendment to Secured Promissory Note and Loan and Security Agreement with Presidential Financial Corporation (filed as Exhibit 10.1 to Current Report on Form 8-K, filed on August 27, 2010).
10.10		Second Amendment to Secured Promissory Note and Loan and Security Agreement with Presidential Financial Corporation (filed as Exhibit 10.1 to Current Report on Form 8-K, filed on November 30, 2010).
10.11		Third Amendment to Secured Promissory Note and Loan and Security Agreement with Presidential Financial Corporation, dated February 9, 2011 (filed as Exhibit 10.35 to Annual Report on Form 10-K for the fiscal year ended September 30, 2010).
10.12		Form of Subscription Agreement (filed as Exhibit 10.3 to Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011).
10.13		Form of Subscription Agreement (filed as Exhibit 10.4 to Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2011).
10.14	#	2006 Long Term Incentive Plan, as amended (filed as Exhibit A to the Proxy Statement dated July 18, 2011) with respect to the Annual Meeting of Shareholders held on August 18, 2011).
10.15		Debenture Purchase Agreement dated as of June 1, 2011 (filed as Exhibit 10.1 to Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011).
10.16		Amendment to Employment Agreement between the Company and Zachary C. Parker (filed as Exhibit 10.2 to Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011).
10.17		Creditor Subordination Agreement by TeamStaff Government Solutions, Inc., TeamStaff, Inc., Presidential Financial Corporation and Wynnefield Partners SmallCap Value LP (filed as Exhibit 10.5 to Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011).
10.18		Creditor Subordination Agreement by TeamStaff Government Solutions, Inc., TeamStaff, Inc., Presidential Financial Corporation and Wynnefield Partners SmallCap Value LP I (filed as Exhibit 10.6 to Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2011).
10.19		Fourth Amendment to Secured Promissory Note and Loan and Security Agreement with Presidential Financial Corporation dated November 30, 2011 (filed as Exhibit 10.44 to Annual Report on Form 10-K for the fiscal year ended September 30, 2011).
10.20		Standby Purchase Agreement dated May 2, 2012 (filed as Exhibit 10.1 to Current Report on Form 8-K filed May 3, 2012).
10.21		Form of Registration Rights Agreement, dated May 2, 2012 (filed as Exhibit 10.2 to Current Report on Form 8-K filed May 3, 2012).
10.22		Amendment to Secured Promissory Note and Loan Agreement dated as of May 18, 2012 (filed as Exhibit 10.1 to Current Report on Form 8-K filed May 24, 2012).
10.23	#	Employment Agreement with Kathryn M. JohnBull (filed as Exhibit 10.1 to Current Report on Form 8-K filed June 29, 2012).
10.24	#	Amendment to Employment Agreement with Zachary C. Parker (filed as Exhibit 10.1 to Current Report on Form 8-K filed November 12, 2012).
10.25	#	Employment Agreement between the Company and Kevin Wilson (filed as Exhibit 10.1 to Current Report on Form 8-K dated October 3, 2013).
10.26	#	Employment Agreement between the Company and John F. Armstrong (filed as Exhibit 10.1 to Current Report on Form 8-K filed on December 4, 2013).
10.27	#	2006 Long Term Incentive Plan, as amended (filed as Annex A to the Company's Proxy Statement dated January 3, 2014)
10.28		Sixth Amendment to Secured Promissory Note and Loan Agreement (filed as Exhibit 10.1 to Current Report on Form 8-K filed April 2, 2014).
10.29	#	Amendment to Employment Agreement with Kathryn M. JohnBull (filed as Exhibit 10.1 to Current Report on Form 8-K filed September 24, 2014).
14.00		Code of Ethics (Exhibit 14.1 to Annual Report on Form 10-K for the fiscal year ended September 30, 2003).

21.00	*	Subsidiaries of Registrants.
23.10	*	Consent of WithumSmith+Brown, PC
31.10	*	Certification of Chief Executive Officer pursuant to Section 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a).
31.20	*	Certification of Chief Financial Officer pursuant to Section 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a).
32.10	*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 17 CFR 240.13a-14(b) or 17 CFR 240.15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
101.0		The following financial information from the DLH Holdings Corp. Annual Report on Form 10-K for the fiscal year ended September 30, 2014, formatted in XBRL (eXtensible Business Reporting Language) and filed electronically herewith: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Cash Flows; (iv) the Consolidated Statements Of Shareholders' Equity and, (v) the Notes to the Consolidated Financial Statements.

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† Portions of this exhibit were omitted and filed separately with the Secretary of the Commission pursuant to an application for confidential treatment filed with the Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

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.

DLH HOLDINGS CORP.

By: /s/ ZACHARY C. PARKER
Zachary C. Parker
Chief Executive Officer
(Principal Executive Officer)

Dated: December 10, 2014

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	Capacity	Date
/s/ FREDERICK G. WASSERMAN Frederick G. Wasserman	Chairman of the Board	December 10, 2014
/s/ T. STEPHEN JOHNSON T. Stephen Johnson	Director	December 10, 2014
/s/ MARTIN J. DELANEY Martin J. Delaney	Director	December 10, 2014
/s/ WILLIAM H. ALDERMAN William H. Alderman	Director	December 10, 2014
/s/ AUSTIN J. YERKS III Austin J. Yerks III	Director	December 10, 2014
/s/ ELDER GRANGER Elder Granger	Director	December 10, 2014
/s/ ZACHARY C. PARKER Zachary C. Parker	Chief Executive Officer, President and Director	December 10, 2014
/s/ KATHRYN M. JOHNBULL Kathryn M. JohnBull	Chief Financial Officer and Principal Accounting Officer	December 10, 2014

DLH Holdings Corp. and Subsidiaries

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of DLH Holdings Corp.

We have audited the accompanying consolidated balance sheets of DLH Holdings Corp. and Subsidiaries as of September 30, 2014 and 2013, and the related consolidated statements of operations, cash flows, and shareholders' equity for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DLH Holdings Corp. and Subsidiaries as of September 30, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ WITHUMSMITH+BROWN, PC
WithumSmith+Brown, PC
New York, New York
December 10, 2014

DLH HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands except per share amounts)

	Year Ended September 30,	
	2014	**2013**
Revenue	$ 60,493	$ 53,506
Direct expenses	51,534	46,007
Gross margin	8,959	7,499
General and administrative expenses	8,089	7,130
Depreciation and amortization	106	121
Income from operations	**764**	**248**
Other expense, net	(4)	(407)
Income (loss) before income taxes	**760**	**(159)**
(Benefit) provision for income taxes	(4,597)	—
Net income (loss)	**$ 5,357**	**$ (159)**
Income (loss) before income taxes per share		
Basic	$ 0.08	$ (0.02)
Diluted	$ 0.08	$ (0.02)
Net income (loss) before income taxes per share		
Basic	$ 0.56	$ (0.02)
Diluted	$ 0.54	$ (0.02)
Weighted average common shares outstanding		
Basic	9,570	9,310
Diluted	9,839	9,310

The accompanying notes are an integral part of these consolidated financial statements

DLH HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands except par value of shares)

	September 30, 2014	September 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,908	$ 3,408
Accounts receivable, net	12,372	11,943
Deferred taxes, net	84	—
Other current assets	510	599
Total current assets	16,874	15,950
Equipment and improvements, net	63	156
Deferred taxes, net	4,513	—
Goodwill	8,595	8,595
Other long-term assets	27	1,057
Total assets	**$ 30,072**	**$ 25,758**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Debt obligations	$ —	$ 1,313
Derivative financial instruments, at fair value	—	160
Accrued payroll	11,465	11,138
Accounts payable, accrued expenses, and other current liabilities	4,746	5,343
Total current liabilities	16,211	17,954
Other long term liabilities	15	20
Total liabilities	16,226	17,974
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.10 par value; authorized 5,000 shares, none issued and outstanding	—	—
Common stock, $.001 par value; authorized 40,000 shares; issued 9,568 at September 30, 2014 and 9,320 at September 30, 2013, outstanding 9,566 at September 30, 2014 and 9,318 at September 30, 2013	10	9
Additional paid-in capital	76,083	75,400
Accumulated deficit	(62,244)	(67,601)
Treasury stock, 2 shares at cost at September 30, 2014 and 2 shares at cost at September 30, 2013	(3)	(24)
Total shareholders' equity	13,846	7,784
Total liabilities and shareholders' equity	**$ 30,072**	**$ 25,758**

The accompanying notes are an integral part of these consolidated financial statements.

DLH HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended September 30, 2014	Year Ended September 30, 2013
Operating activities		
Net income (loss)	$ 5,357	$ (159)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization including financing costs	116	299
Change in fair value of derivative financial instruments	(99)	41
Non-cash equity grants	472	206
Deferred taxes, net	(4,597)	
Changes in operating assets and liabilities		
Accounts receivable	(429)	1,085
Prepaid workers' compensation and other current assets	89	51
Other assets	1,030	(303)
Accounts payable, accrued payroll, accrued expenses and other current liabilities	(269)	628
Other long term liabilities	(5)	(43)
Net cash provided by operating activities	**1,665**	**1,805**
Investing activities		
Purchase of equipment and improvements	(13)	(9)
Net cash used in investing activities	**(13)**	**(9)**
Financing activities		
Net repayments on bank loan payable	(951)	(1,412)
Rights offering expenses	—	(14)
Repayments of capital lease obligations	(22)	(51)
Net repayment on convertible debentures	(140)	—
Proceeds from exercise of warrants	52	—
Repurchased shares of common stock held as treasury stock	21	—
Repurchased shares of common stock subsequently canceled	(112)	—
Net cash used in financing activities	**(1,152)**	**(1,477)**
Net increase in cash and cash equivalents	500	319
Cash and cash equivalents at beginning of period	3,408	3,089
Cash and cash equivalents at end of period	**$ 3,908**	**$ 3,408**
Supplemental disclosures of cash flow information		
Cash paid during the period for interest	$ 124	$ 94
Cash paid during the period for income taxes	$ —	$ —
Non-cash settlement of warrants	$ 62	$ —

The accompanying notes are an integral part of these consolidated financial statements.

DLH HOLDINGS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the year ended September 30, 2014
(Amounts in thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Treasury Stock		Total Shareholders' Equity
	Shares	Amount			Shares	Amount	
BALANCE, September 30, 2012	**9,266**	**$ 9**	**$ 75,207**	**$ (67,442)**	**2**	**$ (24)**	**$ 7,750**
Director restricted stock grants	52		54				54
Issuance of shares for services			12				12
Expense related to employee stock option grants			140				140
Fees related to rights offering			(13)				(13)
Net loss				(159)			(159)
BALANCE, September 30, 2013	**9,318**	**$ 9**	**$ 75,400**	**$ (67,601)**	**2**	**$ (24)**	**$ 7,784**
Director restricted stock grants	80		109				109
Expense related to employee stock option grants			363				363
Exercise of convertible debentures	168	1	209				210
Exercise of warrants	54		114				114
Cancellations of shares	(52)		(112)		(2)	24	(88)
Purchase of common stock	(2)				2	(3)	(3)
Net income				5,357			5,357
BALANCE, September 30, 2014	**9,566**	**$ 10**	**$ 76,083**	**$ (62,244)**	**2**	**$ (3)**	**$ 13,846**

The accompanying notes are an integral part of these consolidated financial statements

DLH HOLDINGS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2014

1. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of DLH and its subsidiaries, all of which are wholly owned. All significant intercompany balances and transactions have been eliminated in consolidation. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles and with the instructions to Form 10-K and Regulation S-K.

2. Business Overview

For more than 25 years, DLH Holdings Corp. ("DLH"), has provided professional services to the U.S. Government. Headquartered in Atlanta, Georgia, DLH employs over 1,200 skilled technicians, logisticians, engineers, healthcare and support personnel at more than 25 locations around the United States. DLH's operating subsidiary, DLH Solutions, Inc., is organized into two broad integrated revenue streams: Healthcare Delivery Solutions and Logistics & Technical Services. Our customers, a majority of whom are within the Departments of Defense ("DoD") and Veterans Affairs ("DVA"), benefit from proven business process management processes, technical excellence and differentiation, and cost management. The remaining portion of DLH's business is comprised of customers within the Center for Disease Control and Prevention, Departments of Justice, Agriculture, Interior and Federal Emergency Management Agency, at locations throughout the United States.

DLH Holdings Corp. (together with its subsidiaries, "DLH" or the "Company" and also referred to as "we," "us" and "our") manages its operations from its principal executive offices at 1776 Peachtree Street, Atlanta, Georgia 30309.

Presently, the Company derives all of its revenue from agencies of the federal government. A major customer is defined as a customer from whom the Company derives at least 10% of its revenues. In each of the fiscal years ended September 30, 2014 and 2013, revenue from the U.S. Government accounted, either directly or indirectly, for 100% of the Company's total revenue. Within the U.S. Government, our largest customer continues to be the Department of Veterans Affairs (DVA), at 96% of revenue for the twelve months ended September 30, 2014 and 2013. In addition, all accounts receivable, including unbilled accounts receivable, are from agencies of the U.S. Government as of September 30, 2014 and 2013. We believe that the credit risk associated with our receivables is limited due to the credit worthiness of these customers.

Accordingly, DLH remains dependent upon the continuation of its relationship with the DVA. As of September 30, 2014, contracts with the DVA have anticipated periods of performance ranging from approximately two to up to four years. These agreements are subject to the Federal Acquisition Regulations. While there can be no assurance as to the actual amount of services that the Company will ultimately provide to the DVA under its current contract, we believe that our strong working relationship and our effective service delivery support ongoing performance for the contract term. The Company's results of operations, cash flows and financial condition would be materially adversely affected in the event that we were unable to continue our relationships with the DVA.

3. New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. This guidance requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, this guidance expands related disclosure requirements. The effective date of these revisions is for reporting periods beginning after December 15, 2016, with early application not permitted. The Company is evaluating the impact of this revision.

In June 2014, the FASB issued guidance related to accounting for share-based payments for certain performance stock awards. The effective date of this guidance is for reporting periods beginning after December 15, 2015, with early adoption permitted. The Company is evaluating the impact of this guidance.

In August 2014, the Financial Accounting Standards Board (FASB) issued guidance regarding management's going concern evaluations. The guidance requires management to evaluate, at each interim and annual reporting period, whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued, and provide related disclosures. The guidance is effective for all entities for annual periods ending after December 15, 2016, and for annual and interim periods thereafter, and early adoption is permitted. We do not believe the standard will have a material impact on our financial statement disclosures.

4. Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation. These reclassifications had no effect on previously reported results of operations or accumulated deficit.

5. Supporting Financial Information

Accounts Receivable

		(in thousands)	
	Ref	September 30, 2014	September 30, 2013
Billed receivables		$ 2,569	$ 2,408
Unbilled receivables	(a)	9,803	9,535
Total accounts receivable		12,372	11,943
Less: Allowance for doubtful accounts	(b)	—	—
Accounts receivable, net		**$ 12,372**	**$ 11,943**

Ref (a): Includes $9.3 million related to retroactive billings submitted to incorporate the impact of relevant wage determinations on certain contracts. Revenues related to these retroactive billings were recognized in fiscal 2008 in accordance with GAAP, as follows: (1) the Company developed and calculated an amount for such prior period services and had a contractual right to bill for such amounts under its arrangements, which was formalized in a contract modification (2) there were no remaining unfulfilled conditions for approval of such billings and (3) collectibility was reasonably assured based on historical practices with, and contractual requirements of, the DVA. The related direct costs, principally comprised of salaries and benefits, were accrued to match the recognized reimbursements from the Federal agency; upon approval, wages will be processed for payment to the employees. During the year ended September 30, 2008, DLH recognized revenues of $10.8 million revenue related to these non-recurring adjustments, of which $1.5 million was subsequently billed and collected. DLH has had ongoing interactions with the customer during fiscal 2014, and in September 2014, we submitted a claim to the DVA to seek a final determination by the DVA’s contracting officer of the amount due to DLH and immediate payment of such amount. We expect closure on this issue within the next twelve months.

Ref (b): Accounts receivable are unsecured and carried at fair value, which is net of an allowance for doubtful accounts. We evaluate our receivables on a quarterly basis and determine whether an allowance is appropriate based on specific collection issues. Our allowance for doubtful accounts was zero at both September 30, 2014 and 2013.

Other Current Assets

		(in thousands)	
	Ref	September 30, 2014	September 30, 2013
Workers' compensation receivable	(a)	$ 199	$ 358
Prepaid insurance expense		176	143
Other prepaid expenses		135	98
Total other current assets		**$ 510**	**$ 599**

Ref (a): As part of the Company’s discontinued PEO operations, DLH had a workers’ compensation program with Zurich American Insurance Company (“Zurich”) which covered the period from March 22, 2002 through November 16, 2003, inclusive. DLH estimates that the remaining workers compensation receivable of approximately $0.2 million will be received within the next twelve months.

Debt Obligations

	Ref	September 30, 2014 (in thousands)	September 30, 2013
Bank loan payable		$ —	$ 951
Current portion of capital lease obligation		—	22
Convertible debenture, net	(a)	—	340
Total debt obligations		**$ —**	**$ 1,313**

Ref (a): See Note 12 regarding maturity and closure of the convertible debenture.

Accrued Payroll

	Ref	September 30, 2014 (in thousands)	September 30, 2013
Accrued current payroll		$ 2,440	$ 2,302
Accrued payroll related to unbilled accounts receivable		9,025	8,836
Total accrued payroll		**$ 11,465**	**$ 11,138**

Equipment and Improvements, net

	Ref	September 30, 2014 (in thousands)	September 30, 2013
Furniture and equipment		$ 139	$ 139
Computer equipment		126	126
Computer software		430	417
Leasehold improvements		24	24
		719	706
Less accumulated depreciation and amortization		(656)	(550)
Equipment and improvements, net	**(a)**	**$ 63**	**$ 156**

Ref (a): Equipment and improvements are stated at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful asset lives (3 to 5) and the shorter of the initial lease term or estimated useful life for leasehold improvements. Maintenance and repair costs are expensed as incurred.

Accounts Payable, Accrued Expenses, and Other Current Liabilities

	Ref	September 30, 2014 (in thousands)	September 30, 2013
Accounts payable		$ 779	$ 1,396
Accrued benefits		720	596
Accrued bonus and incentive compensation		693	860
Accrued workers compensation insurance		767	563
Other accrued expenses		339	534
Payroll tax accrual	(a)	1,448	1,394
Total accrued expenses and other current liabilities		**$ 4,746**	**$ 5,343**

Ref (a): From 2006 through 2009, DLH received notices from the Internal Revenue Service ("IRS") claiming taxes, interest and penalties due related to payroll taxes. These notices are predominantly related to the former PEO operations which were sold in fiscal 2003. The liability includes estimated accrued penalties and interest through the date of the financial statements totaling approximately $630 thousand.

Other Income (Expense)

	Ref	(in thousands) Year Ended September 30, 2014	2013
Interest expense, net		$ (99)	$ (172)
Amortization of deferred financing costs		(10)	(177)
Change in value of derivative financial instruments	(a)	99	(42)
Other income (expense), net		6	(16)
Total other expense, net		**$ (4)**	**$ (407)**

Ref (a): Represents the adjustment to fair value of embedded conversion feature and warrants related to the Company's convertible debentures. Such instruments did not meet the requirements for qualified hedge accounting under GAAP.

6. Liquidity

At September 30, 2014, the Company had cash and cash equivalents of approximately $3.9 million, net working capital of approximately $0.7 million, and an accumulated deficit of approximately $(62.2) million. For the year ended September 30, 2014, the Company realized income before taxes of approximately 0.8 million, as compared to a loss before taxes of $(0.2) million for the year ended September 30, 2013.

The Company has a credit facility with a lending institution which provides a maximum amount of $6 million and includes a maximum amount available under the unbilled facility of $1 million. The current term of the credit facility expires on July 29, 2015 and thereafter shall automatically renew on each anniversary date thereof for subsequent twelve month terms unless terminated by either party. Presently, the maximum availability under this loan facility is $3 million, subject to eligible accounts receivable, excluding retroactive billings. The interest rate on the Accounts Receivable portion of the loan was 4.0% at September 30, 2014, and 5.2% at September 30, 2013. The interest rate on the Unbilled Accounts portion was 4.0% at September 30, 2014, and 7.2% at September 30, 2013. At September 30, 2014, our loan availability was approximately $2.5 million, comprised of a $1.4 million letter of credit reserve and $1.1 million of unused loan capacity.

Management believes, at present, that: (a) cash and cash equivalents of approximately $3.9 million as of September 30, 2014; (b) the amount available under its line of credit (which is limited to the amount of eligible assets); (c) planned operating cash flow; and (d) effects of cost reduction programs and initiatives should be sufficient to support the Company's operations for twelve months from the date of these financial statements.

7. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include valuation of goodwill, expected settlement amounts of accounts receivable, valuation allowances established against accounts receivable and deferred tax assets, measurement of loss development on workers' compensation claims, and the valuation of derivative financial instruments associated with debt agreements. Actual results could differ from those estimates. In particular, a material reduction in the fair value of goodwill would have a material adverse effect on the Company's financial position and results of operations.

Revenue Recognition

DLH's revenue is derived from professional and other specialized service offerings to US Government agencies through a variety of contracts, some of which are fixed-price in nature and/or sourced through Federal Supply Schedules administered by the General Services Administration ("GSA") at fixed unit rates or hourly arrangements. We generally operate as a prime contractor, but have also entered into contracts as a subcontractor. The recognition of revenue from fixed rates is based upon objective criteria that generally do not require significant estimates that may change over time. DLH recognizes and records revenue on government contracts when it is realized, or realizable, and earned. DLH considers these requirements met when:

(a) persuasive evidence of an arrangement exists; (b) the services have been delivered to the customer; (c) the sales price is fixed or determinable and free of contingencies or significant uncertainties; and (d) collectibility is reasonably assured.

Goodwill

DLH continues to review its goodwill for possible impairment or loss of value at least annually or more frequently upon the occurrence of an event or when circumstances indicate that a reporting unit's carrying amount is greater than its fair value. At September 30, 2014, we performed a goodwill impairment evaluation. We performed both a qualitative and quantitative assessment of factors to determine whether it was necessary to perform the goodwill impairment test. Based on the results of the work performed, the Company has concluded that no impairment loss was warranted at September 30, 2014. Factors including non-renewal of a major contract or other substantial changes in business conditions could have a material adverse effect on the valuation of goodwill in future periods and the resulting charge could be material to future periods' results of operations. If an impairment write off of all the goodwill became necessary in future periods, a charge of up to $8.6 million would be expensed in the Consolidated Statement of Operations. All remaining goodwill is attributable to the DLH Solutions operating subsidiary.

Income Taxes

DLH accounts for income taxes in accordance with the liability method, whereby deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reflected on the consolidated balance sheet when it is determined that it is more likely than not that the asset will be realized. This guidance also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized. We account for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon the technical merits, it is "more-likely-than-not" that the position will be sustained upon examination. We had no uncertain tax positions at either September 30, 2014 and 2013. We report interest and penalties as a component of income tax expense. In the fiscal years ending September 30, 2014 and 2013, we recognized no interest and no penalties related to income taxes.

The Company has adequate net operating loss carryforwards to offset against any taxable income in the current period. The Company recorded a valuation allowance against its net deferred tax assets of $11.1 million and $16.0 million at September 30, 2014 and 2013, respectively. Tax years open for examination are 2010 and forward.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. We maintain cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. Deposits held with financial institutions may exceed the $250,000 limit.

8. Stock-based compensation, equity grants, and warrants

Stock-based compensation expense

All grants of equity are presently made under the 2006 Long Term Incentive Plan. As of September 30, 2014, 0.9 million shares remained available for grant under the Plan. Options issued under the Plan are designated as either an incentive stock or a non-statutory stock option. No option may be granted with a term of more than 10 years from the date of grant. Option awards may depend on achievement of certain performance measures determined by the Compensation Committee of our Board. Shares issued upon option exercise are newly issued shares.

Stock-based compensation expense, shown in the table below, is recorded in general and administrative expenses included in our statement of operations:

	Ref	(in thousands) Year Ended September 30, 2014	2013
DLH employees		$ 363	$ 140
Non-employee directors	(a)	109	54
Warrants to consultants	(b)	—	12
Total compensation expense		$ 472	$ 206

Ref (a): Equity grants of restricted stock to non-employee directors, in accordance with DLH compensation policy for non-employee directors. The shares vested immediately and stock expense was recognized accordingly.

Ref (b): Warrants may be issued from time-to-time to non-employee third parties in order to induce them to enter into certain transactions with the Company. The Company recognizes non-cash expense related to such activity over the estimated period of performance.

Unrecognized stock-based compensation expense

	Ref	(in thousands) Period Ended September 30, 2014	2013
Unrecognized expense for DLH employees	(a)	$ 346	$ 92
Unrecognized expense for non-employee directors	(b)	125	150
Total unrecognized expense		$ 471	$ 242

Ref (a): Compensation expense for the portion of equity awards for which the requisite service has not been rendered is recognized as the requisite service is rendered. The compensation expense for that portion of awards has been based on the grant-date fair value of those awards as calculated for recognition purposes under applicable guidance. For options that vest based on the Company's common stock achieving and maintaining defined market prices, the Company values the awards with a binomial model that utilizes various probability factors and other criterion in establishing fair value of the grant. The related compensation expense is recognized over the derived service period determined in the valuation. This expense is expected to be recognized over the next 2.8 years, with a weighted average life of 1.2 years.

Ref (b): Unrecognized stock expense related to prior years equity grants of restricted stock to non-employee directors, based on performance criteria, in accordance with DLH compensation policy for non-employee directors. The shares will vest and expense will be recorded upon future satisfaction of specified performance.

Stock option activity for the year ended September 30, 2014:

The aggregate intrinsic value in the table below represents the total pretax intrinsic value (i.e., the difference between the Company's closing stock price on the last trading day of the period and the exercise price, times the number of shares) that would have been received by the option holders had all option holders exercised their in the money options on those dates. This amount will change based on the fair market value of the Company's stock.

	Ref	(in thousands) Number of Shares	Weighted Average Exercise Price	(in years) Weighted Average Remaining Contractual Term	(in thousands) Aggregate Intrinsic Value
Options outstanding, September 30, 2012		1,363	$1.19	8.6	$ 140
Granted		250	$0.95		
Cancelled					
Options outstanding, September 30, 2013		1,613	$1.15	7.9	$ 388
Granted	(a)	830	$1.52		
Cancelled		(63)	$1.40		
Options outstanding, September 30, 2014		2,380	$1.40	7.8	$ 1,589

Ref (a): Option grants to DLH employees were valued using a binomial model, under the following criteria:

- average risk free interest rates of 2.55% and 0.69% for 2014 and 2013, respectively;
- expected volatility of 65.8% and 70.2% for 2014 and 2013, respectively;
- contractual lives and expected lives were 10 years for both periods; and
- no dividend yield was contemplated for either period.

The resulting average fair values were $0.76 and $0.22 for 2014 and 2013, respectively.

Stock options shares outstanding, vested and unvested for the period ended:

	Ref	(in thousands) Number of Shares September 30, 2014	2013
Vested and exercisable	(a)	896	413
Unvested	(b)	1,484	1,200
Options outstanding		2,380	1,613

Ref (a): Weighted average exercise price of vested and exercisable shares was $1.41 and $1.61 at September 30, 2014 and 2013, respectively. Aggregate intrinsic value was $570 thousand and $49 thousand at September 30, 2014 and 2013, respectively. Weighted average contractual term was 8.0 years and 7.9 years at September 30, 2014 and 2013, respectively.

Ref (b): Certain awards vest upon satisfaction of certain performance criteria.

9. Fair Value of Financial Instruments

The Company has financial instruments, including accounts receivable, accounts payable, loan payable, notes payable, and accrued expense. Due to the short term nature of these instruments, DLH estimates that the fair value of all financial instruments at September 30, 2014 and September 30, 2013 does not differ materially from the aggregate carrying values of these financial instruments recorded in the accompanying consolidated balance sheets. In addition, the Company has historically presented certain common stock warrants and embedded conversion features associated with Convertible Debentures and has accounted for such derivative financial instruments at fair value. As further described in Note 12, those convertible debentures matured and the common stock warrants were exercised in the three months ended December 31, 2013.

In accordance with authoritative guidance the Company categorized its assets and liabilities based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy as set forth below. The three levels of the hierarchy are defined as follows:

Level 1-Unadjusted quoted prices in active markets for identical assets or liabilities. The Company currently does not have any Level 1 financial assets or liabilities.

Level 2-Observable inputs other than quoted prices included in Level 1. Level 2 inputs include quoted prices for identical assets or liabilities in non-active markets, quoted prices for similar assets or liabilities in active markets, and inputs other than quoted prices that are observable for substantially the full term of the asset or liability. The Company currently does not have any Level 2 financial assets or liabilities.

Level 3-Unobservable inputs reflecting management's own assumptions about the input used in pricing the asset or liability.

The following table presents the Company's September 30, 2014 and 2013 liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy (all Level 3):

	September 30,	
	2014	2013
Liability:	—	—
Derivative financial instruments	$ —	$ 160

10. Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding and restricted stock grants that vested or are likely to vest during the period. Diluted earnings (loss) per share is calculated by dividing income (loss) available to common shareholders by the weighted average number of basic common shares outstanding, adjusted to reflect potentially dilutive securities. Diluted earnings per share is calculated using the treasury stock method.

	(in thousands) Year Ended September 30, 2014	
	2014	2013
Numerator:		
Net income (loss)	$ 5,357	$ (159)
Denominator:		
Denominator for basic net income (loss) per share - weighted-average outstanding shares	9,570	9,310
Effect of dilutive securities:		
Stock options and restricted stock	269	
Denominator for diluted net income (loss) per share - weighted-average outstanding shares	9,839	9,310
Net income (loss) per share — basic	$ 0.56	$ (0.02)
Net income (loss) per share — diluted	$ 0.54	$ (0.02)

11. Commitments and Contingencies

Contractual Obligations

		Payments Due By Period		
Obligations (Amounts in thousands)	Total	Less than 1 Year	1-3 Years	4-5 Years
Loan Payable (1)	$ —	$ —	$ —	$ —
Operating Leases	303	143	160	—
Total Obligations	$ 303	$ 143	$ 160	$ —

(1) Represents the amounts recorded in respect of the loan payable due to Presidential Financial Corporation in accordance with the loan agreement.

Retroactive Billing Adjustments

The Company continues to support the Government's review of the detailed supporting calculations for the retroactive billings described in Note 5 and to negotiate an incremental final amount related to indirect costs and fees applied to these retroactive billings. The additional indirect costs and fees are estimated to be between $0.4 million and $0.6 million. The Company has developed these estimates under the same contractual provisions applied to the sites that were settled in 2008. However, because these amounts remain subject to government review, no assurances can be given that any amounts the Company may receive will be within the range specified above. Refer to Note 5, Accounts Receivable for further information.

Workers Compensation

We accrue workers compensation expense based on claims submitted, applying actuarial loss development factors to estimate the costs incurred but not yet recorded. Our accrued liability for claims development for the years ended September 30, 2014 and 2013 was $767,000 and $563,000, respectively.

Legal Proceedings

As the Company has previously reported, it was advised of a claim by the U.S. Attorney based on an alleged omission to pay certain classes of employees the prevailing wages as required by the Service Contract Act during the years 2003-2010. On
December 12, 2013, the Company was further advised by the U.S. Attorney that, after a review of the merits of the complaint, the U.S. Department of Justice declined to intervene and the claim has been dismissed in its entirety.

12. Equity and Convertible Debentures Financing

As has been previously disclosed, certain entities affiliated with Wynnefield Capital, Inc., the Company's largest stockholder, owned convertible debentures in an aggregate principal amount of $350,000 and warrants to purchase an aggregate of 53,846 shares of common stock. These instruments were issued pursuant to a debenture purchase agreement in June 2011. The warrants were exercisable at a price of $0.96 until June 2016 and the conversion rate of the convertible debentures was $1.25.

As of September 30, 2013, the carrying value of these derivative instruments was $160,000, derived by applying a risk-free interest rate of 1.39% for the term of the warrants and the embedded conversion features of the debentures of 5 years and 27 months respectively, with expected volatility of approximately 70%. The resulting fair market values were $0.75 per warrant and $0.43 per $1.25 of debt.

Upon maturity on October 28, 2013, the principal amount of $210,000 of convertible debentures was converted into 168,000 shares of common stock and the principal amount of $140,000 on the remaining debenture was repaid in full. In addition, in October 2013, the holders of the warrants exercised such warrants in full for 53,846 shares of common stock. A gain of $119 thousand was recognized, which represented the change in the fair value of the derivative immediately prior to conversion. Additionally, expense of $20 thousand was recorded in the three months ended December 31, 2013, related to fair valuation of the warrants. The accrued liability of $61 thousand with respect to the fair value of the warrants was reflected as additional paid in capital upon their exercise. The shares of the Company's common stock issued upon conversion of the debentures were issued in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, as amended. The shares of the Company's common stock issued upon exercise of the warrants were issued in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended.

13. Income Taxes

DLH accounts for income taxes in accordance with the liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred tax assets are reflected on the balance sheet when it is determined that it is more likely than not that the asset will be realized. This guidance also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some or all of the deferred tax asset will not be realized.

Due to our recent trend of positive operating results, in the fiscal year ended September 30, 2014 we realized a $4.6 million tax benefit, net, related to the release of a portion of our valuation allowance, to reflect the amount of our deferred tax asset that we expect to realize in future years. This release is based upon our current estimate of future taxable earnings based on results generated through the fiscal year ended September 30, 2014. To project taxable income in the carryforward period, we first estimated revenue for the carryforward period based on the expected performance under current contracts, plus expected changes in the contract base. Using these estimates of revenue, we assumed a proportional level of book income as was generated from the revenues recorded in the fiscal year ended September 30, 2014. We further assumed that tax goodwill amortization would continue through its 15 year life.

Using the taxable income projection, we calculated the amount of NOL utilization that would be achieved within each loss year's carryforward period. Our estimate of future taxable income will be revised at least annually or more frequently upon the occurrence of an event which warrants a new estimate. In the fiscal year ended September 30 2013 the Company did not recognize a tax expense or benefit.

At September 30, 2014 the Company had net operating losses of approximately $40.8 million and $29.2 million for U.S. and state tax return purposes, respectively, and unutilized tax credits of approximately $1.1 million. As a result of previous business combinations and changes in its ownership, there is a substantial amount of NOLs that are subject to annual limitations on utilization. The U.S. NOLs begin to expire in 2021 and continue to expire through 2033.

An analysis of DLH's deferred tax asset and liability is as follows:

	Year Ended September 30,	
(amounts in thousands)	2014	2013
Current deferred income tax asset:		
Net operating loss carryforwards and tax credits	$ 98	$ —
Accrued liabilities	122	—
Valuation allowance	(136)	—
Net current deferred tax asset	$ 84	$ —

	Year Ended September 30,	
(amounts in thousands)	2014	2013
Deferred income tax asset (liability):		
Net operating loss carry forwards and tax credits	$ 16,556	$ 16,944
Prepaid workers' compensation	273	225
Deferred rent	8	9
Accrued liabilities	336	431
Stock based compensation	646	500
Fixed and intangible assets	(2,176)	(1,989)
Other items, net	(129)	(83)
Valuation allowance	(11,001)	(16,037)
Net deferred tax asset	$ 4,513	$ —

The significant components of the expense (benefit) for income taxes from continuing operations are summarized as follows:

	Year Ended September 30,	
(amounts in thousands)	2014	2013
Current expense (benefit)	$ 7	$ —
Deferred expense (benefit)	(4,604)	—
Total expense (benefit)	$ (4,597)	$ —

The following table indicates the significant differences between the federal statutory rate and DLH's effective tax rate for continuing operations:

	Year Ended September 30,	
(amounts in thousands)	2014	2013
Federal statutory rate	$ 258	$ (54)
State taxes, net	46	—
Other permanent items	6	3
Tax credits	(7)	
Change in valuation allowance	(4,900)	51
	$ (4,597)	$ —

14. Quarterly Financial Data (Unaudited)

A summary of quarterly information is as follows (in thousands, except per share data)

	2014 Quarters			
	First	Second	Third	Fourth
Net revenues	$ 14,477	$ 14,745	$ 15,692	$ 15,579
Gross profit	2,112	2,199	2,308	2,340
Income (loss) from operations	66	225	268	205
Income (loss) before income taxes	**$ 133**	**$ 198**	**$ 251**	**$ 178**
(Benefit) provision for income taxes	$ —	$ —	$ —	$ (4,597)
Net income (loss)	**$ 133**	**$ 198**	**$ 251**	**$ 4,775**
Earnings (loss) before taxes per share: (1) (2)				
Basic	$ 0.01	$ 0.02	$ 0.03	$ 0.02
Diluted	$ 0.01	$ 0.02	$ 0.03	$ 0.02
Earnings (loss) per share: (1) (2)				
Basic	$ 0.01	$ 0.02	$ 0.03	$ 0.50
Diluted	$ 0.01	$ 0.02	$ 0.03	$ 0.48

	2013 Quarters			
	First	Second	Third	Fourth
Net revenues	$ 12,994	$ 13,007	$ 13,460	$ 14,045
Gross profit	1,788	1,771	1,975	1,964
Income (loss) from operations	(94)	9	158	173
Income (loss) before income taxes	**$ (128)**	**$ (109)**	**$ 68**	**$ 9**
(Benefit) provision for income taxes	$ —	$ —	$ —	$ —
Net income (loss)	**$ (128)**	**$ (109)**	**$ 68**	**$ 9**
Earnings (loss) before taxes per share: (1) (2)				
Basic	$ (0.01)	$ (0.01)	$ 0.01	$ 0.00
Diluted	$ (0.01)	$ (0.01)	$ 0.01	$ 0.00
Earnings (loss) per share: (1) (2)				
Basic	$ (0.01)	$ (0.01)	$ 0.01	$ 0.00
Diluted	$ (0.01)	$ (0.01)	$ 0.01	$ 0.00

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(1) Sum of the quarterly net income (loss) per share amounts does not equal the full fiscal year net income (loss) per share amount due to the effect of changes during the year in the number of shares outstanding.

(2) Earnings (loss) per share. Basic earnings (loss) per share is calculated by dividing net income by the weighted-average number of shares outstanding during the reported period. The calculation of diluted earnings per share is similar to basic earnings per share, except that the weighted-average number of shares outstanding includes the dilution from potential shares added from stock options, restricted stock awards and other stock awards.

15. Employee Benefit Plans

As of September 30, 2014, DLH and its subsidiaries maintain the DLH 401(k) Plan (the "401(k) Plan") , a defined contribution and supplemental pension plan for the benefit of its eligible employees. DLH may provide a discretionary matching contribution of 25% of each of the first 4% of a participant's elective contributions under the 401 (k) Plan. DLH recorded related expense of $5 in fiscal 2014 and $93 in fiscal year 2013. A participant is always fully vested in his or her elective contributions and vests in Company matching contributions over a 4 year period.

16. Subsequent Events:

On October 8, 2014, employees at our Chicago location approved the adoption of union representation for non-management employees. The vote taken is still in the process of being certified and collective bargaining has not yet occurred. Management believes that is has good relations with its employees. We do not expect this event to have a material impact to our operating results in the future.

Effective as of November 13, 2014, the Company granted an aggregate of 66,250 shares of non-restricted stock to its non-executive directors consistent with its compensation policy for non-executive directors. These shares were issued pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended.

Management has evaluated subsequent events through the date that the Company's financial statements were issued. Based on this evaluation, the Company has determined that no subsequent events have occurred which require disclosure through the date that these financial statements were issued.

EXHIBIT 23.1

DLH HOLDINGS CORP. SUBSIDIARIES OF REGISTRANT

DLH Solutions, Inc. (formerly known as TeamStaff Government Solutions, Inc.)

TeamStaff Rx, Inc

BrightLane.com, Inc.

EXHIBIT 23.1

CONSENT OF REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference of our report dated December 10, 2014 relating to the consolidated financial statements of DLH Holdings Corp. (the "Company") as of and for the years ended September 30, 2014and 2013 included in this Annual Report on Form 10-K into the Company's previously filed Registration Statements on Form(s) S-3 (File Nos. 333-184912, 333-74478 and 333-120423) and Form(s) S-8 (File Nos. 333-197374, 333-178830, 333-73426 and 333-143951).

/s/ WithumSmith+Brown, PC
WithumSmith+Brown, PC

New York, New York

December 10, 2014

EXHIBIT 31.1

Certification

I, Zachary C. Parker, certify that:

1. I have reviewed this Annual Report on Form 10-K of DLH Holdings Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 10, 2014

/s/ Zachary C. Parker
Zachary C. Parker
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification

I, Kathryn M. JohnBull, certify that:

1. I have reviewed this Annual Report on Form 10-K of DLH Holdings Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 10, 2014

/s/ Kathryn M. JohnBull
Kathryn M. JohnBull
Chief Financial Officer
(Principal Accounting Officer)

EXHIBIT 32.1

Certification of Chief Executive Officer and Chief Financial Officer

Pursuant to 18 U.S.C Section 1350,

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of DLH Holdings Corp. (the “Company”) on Form 10-K for the period ended September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, being, Zachary C. Parker, Chief Executive Officer, and Kathryn M. JohnBull, Chief Financial Officer and Principal Accounting Officer, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: December 10, 2014

/s/ ZACHARY C. PARKER	/s/ KATHRYN M. JOHNBULL
Zachary C. Parker	Kathryn M. JohnBull
Chief Executive Officer	*Chief Financial Officer*
(Principal Executive Officer)	*(Principal Accounting Officer)*

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.