



Blackbaud Survey: Restricted Gifts on the Rise -- New Funding Challenges for Nonprofits; Trend forces nonprofits to demonstrate effective stewardship and identify other funding sources

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CHARLESTON, S.C.--(BUSINESS WIRE)--Oct. 12, 2005--Blackbaud, Inc. (Nasdaq: BLKB), the leading provider of software and related services designed specifically for nonprofit organizations, today released the third and final wave of results from its 2nd Annual State of the Nonprofit Industry (SONI) survey, which reveals that an increasing number of donors is giving restricted gifts to ensure that their donations are funneled to specific causes.

The SONI survey found that approximately half (48.3%) of respondents report that they have seen an increased demand from donors asking that their contributions be restricted for a certain purpose. Many factors have contributed to this developing trend, including an increase in disaster-relief funding, an overall demand for accountability and transparency in the sector, and personal preferences.

"More than 40 percent of donors report that a personal connection to a nonprofit is the driving force behind determining where to make donations -- so it's no surprise that many would direct their gifts to a specific cause," said Robert J. Sywolski, chief executive officer of Blackbaud, Inc. "With the rise of restricted giving, nonprofits have a chance to build donor trust by proving to their supporters that they can effectively manage and spend donations appropriately."

Profile of a restricted giver

Nonprofits responding to the Blackbaud survey report that older and higher income individuals are amongst those with a greater likelihood of making a restricted gift:

- Approximately 55 percent (54.2%) say high-income donors are most likely to request that their gifts be earmarked for a certain cause.
- More than 70 percent (72.3%) say middle-age to older donors (age 35+) are most likely to restrict their gifts.
- More than one-third (34.4%) of organizations say first-time donors will also restrict gifts.

Wanted: unrestricted gifts

With the increase in donations earmarked for certain uses, organizations are proactively pursuing and securing gifts from different sources to help cover general operating expenses. Also, survey respondents report that 44.9% of nonprofits are now specifically soliciting unrestricted gifts. Organizations also report the following:

- 30.2% are seeking additional foundation grants to fund operating expenses.
- 33.4% are looking to other non-grant revenue sources to fund operating expenses.
- 14.4% are seeking additional government grants to fund general operating expenses.

"Still, organizations will continue to solicit and rely on gifts from individuals as one of their primary sources of funding," said Sywolski. "But if they keep relationship building at the forefront of their fundraising efforts, nonprofits will continue to increase supporter comfort levels with the organization, which could in turn loosen the controls donors want to place on their gifts."

About the survey

Blackbaud's 2nd Annual State of the Nonprofit Industry survey focused on a series of issues critical to the nonprofit industry, including trends in Internet use, fundraising, donor communications, accountability, management, and general. More than 1,000 nonprofit professionals participated in the online survey. The first wave of survey results was released in June 2005.

Blackbaud's premier Donor Survey focused on donor trust, fundraising methods, and donation plans for 2005. More than 500 donors across the country participated in the online survey. Full results have not been released.

About Blackbaud, Inc.

Blackbaud is the leading global provider of software and related services designed specifically for nonprofit organizations. Approximately 13,000 organizations - including the American Red Cross, Bowdoin College, the Chesapeake Bay Foundation, the Crohn's & Colitis Foundation of America, the Detroit Zoological Society, Episcopal High School, Help the Aged, the New York Philharmonic and United Way of America - use Blackbaud products and consulting services for fundraising, financial management, business intelligence, and school administration. Blackbaud's solutions

include The Raiser's Edge(R), The Financial Edge(TM), The Education Edge(TM), The Patron Edge(TM), Blackbaud(R) NetCommunity(TM), The Information Edge(TM), WealthPoint(TM), and ProspectPoint(TM), as well as a wide range of consulting and educational services. Founded in 1981, Blackbaud is headquartered in Charleston, South Carolina, and has operations in Toronto, Ontario; Glasgow, Scotland; and Sydney, Australia. For more information, visit www.blackbaud.com.

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Forward-looking statements

Except for historical information, all of the statements, expectations, and assumptions contained in this news release are forward-looking statements that involve a number of risks and uncertainties. Although Blackbaud attempts to be accurate in making these forward-looking statements, it is possible that future circumstances might differ from the assumptions on which such statements are based. In addition, other important factors that could cause results to differ materially include the following: risk associated with successful implementation of multiple integrated software products; lengthy sales and implementation cycles, particularly in larger organizations; uncertainty regarding increased business and renewals from existing customers; continued success in sales growth; adoption of our products and services by nonprofits; risks related to our dividend policy and share repurchase program, including potential limitations on our ability to grow and the possibility that we might discontinue payment of dividends; risk associated with product concentration; economic conditions and seasonality; competition; risks associated with management of growth; risks associated with acquisitions; technological changes that make our products and services less competitive; the ability to attract and retain key personnel; and the other risk factors set forth from time to time in the SEC filings for Blackbaud, copies of which are available free of charge upon request from Blackbaud's investor relations department.

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