UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

Amendment No. 1

CURRENT REPORT

Pursuant to Section 13 or 15(d) of

the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 1, 2014

BLACKBAUD, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-50600	**11-2617163**
(Commission File Number)	**(IRS Employer ID Number)**
2000 Daniel Island Drive, Charleston, South Carolina	**29492**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (843) 216-6200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

On October 2, 2014, Blackbaud, Inc., a Delaware corporation ("**Blackbaud**"), filed a Current Report on Form 8-K (the "**Original Report**") reporting, among other things, the completion of its acquisition of MicroEdge Holdings, LLC, a Delaware limited liability company ("**MicroEdge**"), pursuant to Item 2.01 of Form 8-K. Under parts (a) and (b) of Item 9.01 therein, Blackbaud stated that it would file the required financial information by amendment, as permitted by Item 9.01(a)(4) and 9.01(b)(2) to Form 8-K. This Current Report on Form 8-K/A (Amendment No. 1) amends the Original Report in order to provide the required financial information. Except for the filing of the financial statements and pro forma financial information, the Original Report is not being amended or updated in any other manner.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited consolidated financial statements of MicroEdge as of and for the years ended December 31, 2013 and 2012 are included as Exhibit 99.2 and are incorporated herein by reference.

The unaudited consolidated financial statements of MicroEdge as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013 are included as Exhibit 99.3 and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined Balance Sheet as of September 30, 2014 and Statements of Comprehensive Income for the nine months ended September 30, 2014 and for the year ended December 31, 2013 for Blackbaud, reflecting the acquisition of MicroEdge, and the notes thereto are included as Exhibit 99.4 and are incorporated herein by reference.

(d) Exhibits

The following exhibits are filed with this current report:

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm.
99.2	Audited Consolidated Financial Statements of MicroEdge Holdings, LLC and Subsidiaries as of and for the years ended December 31, 2013 and 2012.
99.3	Unaudited Consolidated Financial Statements of MicroEdge Holdings, LLC and Subsidiaries as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013.
99.4	Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2014 and Unaudited Pro Forma Condensed Combined Statements of Comprehensive Income for the nine months ended September 30, 2014 and for the year ended December 31, 2013 for Blackbaud, Inc. and the notes thereto.

SIGNATURES

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

		BLACKBAUD, INC.
Date:	December 17, 2014	/s/ Anthony W. Boor
		Anthony W. Boor
		Senior Vice President and Chief Financial Officer
		(Principal Financial and Accounting Officer)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Blackbaud, Inc.
Charleston, SC

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-120690, No. 333-138448, No. 333-152749, No. 333-160423, No. 333-181210, and 333-182407) of Blackbaud, Inc., of our report dated March 31, 2014, relating to the consolidated financial statements of MicroEdge Holdings, LLC and Subsidiaries, which appear in this Form 8-K.

/S/ BDO USA, LLP
New York, NY

December 17, 2014

Exhibit 99.2

MicroEdge Holdings, LLC and Subsidiaries

Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

MicroEdge Holdings, LLC and Subsidiaries

Contents

Independent Auditor's Report

Board of Directors
MicroEdge Holdings, LLC and Subsidiaries
Edina, Minnesota

We have audited the accompanying consolidated financial statements of MicroEdge Holdings, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MicroEdge Holdings, LLC and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/S/ BDO USA, LLP

March 31, 2014

MicroEdge Holdings, LLC and Subsidiaries

Consolidated Balance Sheets
(in thousands, except share amounts)

December 31,	**2013**	2012
Assets		
Current:		
Cash and cash equivalents	**$ 7,391**	$ 2,870
Accounts receivable, net of allowance for doubtful accounts of $106 and $116 in 2013 and 2012, respectively	**8,212**	6,640
Prepaid expenses	**940**	489
Other current assets	**324**	311
Total Current Assets	**16,867**	10,310
Fixed Assets, Net	**1,142**	1,224
Intangible Assets, Net	**14,492**	17,570
Goodwill	**17,183**	17,183
Deferred Financing Costs, Net	**370**	551
Other Assets	**355**	278
Total Assets	**50,409**	47,116
Liabilities and Members' Deficit		
Current Liabilities:		
Accounts payable and accrued expenses	**$ 2,471**	$ 2,759
Deferred revenue	**19,937**	16,322
Current portion of term loan, net of discount	**5,897**	2,239
Other current liabilities	**93**	225
Total Current Liabilities	**28,398**	21,545
Term Loan, Net of Current Portion and Discount	**36,810**	42,706
Deferred Revenue, Net of Current Portion	**1,281**	730
Other Long-Term Liabilities	**369**	287
Total Liabilities	**66,858**	65,268
Members' Deficit:		
Members' units, 10,000 shares authorized, 9,784 issued and outstanding at December 31, 2013 and 2012, respectively	**27,000**	27,000
Distribution to shareholders	**(43,526)**	(41,280)
Retained earnings (accumulated deficit)	**77**	(3,872)
Total Members' Deficit	**(16,449)**	(18,152)
Total Liabilities and Members' Deficit	**$ 50,409**	$ 47,116

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

MicroEdge Holdings, LLC and Subsidiaries

Consolidated Statements of Operations
(in thousands)

Year ended December 31,	**2013**	2012
Revenue	**$33,344**	$30,367
Cost of Revenue	**7,061**	6,533
Gross Profit	**26,283**	23,834
Operating Expenses:		
Research and development	**6,268**	6,272
Sales and marketing	**7,361**	7,595
General and administrative	**4,395**	7,119
Total Operating Expenses	**18,024**	20,986
Operating Income	**8,259**	2,848
Other Expenses:		
Interest expense, net	**2,726**	784
Other expense	**1,504**	1,573
Total Other Expenses	**4,230**	2,357
Income Before Income Taxes	**4,029**	491
Income Taxes	**80**	1,513
Net Income (Loss)	**$ 3,949**	$ (1,022)

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

MicroEdge Holdings, LLC and Subsidiaries

Consolidated Statements of Members' Deficit
(in thousands)

Years ended December 31, 2013 and 2012	
Balance, January 1, 2012	**$ 24,152**
Distribution	**(41,280)**
Translation	**(2)**
Net loss	**(1,022)**
Balance, December 31, 2012	**(18,152)**
Distribution	**(2,246)**
Net income	**3,949**
Balance, December 31, 2013	**$(16,449)**

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

MicroEdge Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flows
(in thousands)

Year ended December 31,	**2013**	2012
Cash Flows From Operating Activities:		
Net income (loss)	**$ 3,949**	$(1,022)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	**3,816**	3,995
Change in allowance for doubtful accounts	**(10)**	(10)
Increase or decrease in certain assets and liabilities:		
Accounts receivable	**(1,562)**	(2,843)
Prepaid expenses and other assets	**(524)**	(104)
Accounts payable	**203**	27
Accrued compensation	**(341)**	157
Accrued liabilities and other liabilities	**(202)**	95
Deferred revenue	**4,166**	5,724
Net Cash Provided by Operating Activities	**9,495**	6,019
Cash Flows From Investing Activities:		
Purchase of fixed assets	**(478)**	(732)
Disposal of fixed assets	**-**	62
Net Cash Used In Investing Activities	**(478)**	(670)
Cash Flows From Financing Activities:		
Proceeds from bank borrowings	**-**	33,900
Repayment of bank borrowings	**(2,250)**	(900)
Debt issuance costs	**-**	(577)
Capital distribution	**(2,246)**	(41,280)
Net Cash Used In Financing Activities	**(4,496)**	(8,857)
Net Increase (Decrease) in Cash and Cash Equivalents	**4,521**	(3,508)
Cash and Cash Equivalents, Beginning of Year	**2,870**	6,378
Cash and Cash Equivalents, End of Year	**$ 7,391**	$ 2,870
Supplemental Disclosures of Cash Flow Information:		
Cash paid for:		
Interest	**$2,571**	$ 608
Income taxes	**80**	1,513

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Summary of Significant Accounting Policies
(in thousands)

Ownership Structure

MicroEdge Holdings, LLC ("Parent" or "Holdings") is a Delaware limited liability company. MicroEdge, LLC ("MicroEdge" or the "Company"), a New York limited liability company, was formed on July 21, 2009 as MicroEdge Merger Sub, LLC ("Merger Sub") and subsequently renamed MicroEdge, LLC, a wholly-owned subsidiary of Holdings. Upon inception, an initial contribution of $27,000 was made by Vista Foundation Fund I AIV I, L.P. ("VEP") to capitalize the Company. In exchange for this contribution, VEP was issued 9,300 members' units.

On October 1, 2009, Holdings completed the purchase of MicroEdge, Inc., a wholly-owned subsidiary of Advent Software, Inc. ("Advent"), a Delaware corporation, pursuant to an agreement and plan of merger (the "Agreement") entered into on July 27, 2009 by and among Advent, Merger Sub and MicroEdge, Inc., a New York corporation. Pursuant to the Agreement, MicroEdge, Inc. merged with and into Merger Sub and was renamed MicroEdge, LLC.

On November 30, 2011, the Company acquired AngelPoints, Inc., which was converted to AngelPoints, LLC ("AngelPoints") on January 3, 2012. AngelPoints is a wholly-owned subsidiary of the Company as of December 31, 2012.

On September 1, 2012, Holdings completed a reorganization of the MicroEdge structure, pursuant to a Contribution and Exchange Agreement (the "Contribution Agreement") entered into by and between MicroEdge Intermediate Holdings, LLC ("Intermediate"), a Delaware limited liability company, and Holdings, by which Holdings contributed 100% of its ownership in MicroEdge to Intermediate in exchange for 10 Class A units and 990 Class B units of Intermediate. Pursuant to a redemption agreement (the "Redemption Agreement") entered into on September 1, 2012 by and among Intermediate, Holdings and VEP, Holdings issued to VEP 10 Class A units of Intermediate in consideration for the redemption of 100 units of Holdings held by VEP.

On December 27, 2012, Holdings, which was wholly owned by VEP, completed the sale of 3,612.50 members' units of Holdings to BRC Hold I, Inc. ("Bregal"), pursuant to a unit purchase agreement (the "Purchase Agreement") entered into by and among Holdings, Bregal and VEP.

Business Activities

MicroEdge is a leading provider of software and related services designed specifically for the grant making community. MicroEdge's products and services enable nonprofit organizations to increase donations, reduce fundraising costs, improve communications with constituents, manage their finances, optimize internal operations and offer solutions for employee and corporate giving.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany account balances and transactions have been eliminated in consolidation.

Reclassifications

Certain amounts previously reported in the consolidated financial statements for the years ended December 31, 2012 and 2013 have been reclassified. These reclassifications have no impact on net income.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period and disclose any contingent assets and liabilities at the date of the consolidated financial statements. The most significant estimates include accounts receivable allowances, goodwill and intangible assets acquired. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of investments in bank balances and investments in money market funds representing overnight investments with a high degree of liquidity.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and amortization. The Company calculates depreciation and amortization using the straight-line method over the assets' estimated useful lives. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the estimated useful life of the assets or the remaining lease term. The cost and related accumulated depreciation applicable to fixed assets sold or no longer in service are eliminated from the accounts and any gains or losses are generally included in other income (expenses).

Useful lives by principal classifications are as follows:

Furniture and fixtures	5 years
Computer equipment/hardware	3 years
Software	3 years
Other equipment	5 years
Leasehold improvements	Lesser of remaining useful life or term of the lease

Repairs and maintenance expenditures, which are not considered improvements and do not extend the useful life of the fixed assets, are expensed as incurred.

(in thousands)

Goodwill and Intangible Assets

Goodwill is not amortized, but is subject to an annual impairment analysis. The Company tests for goodwill impairment at the reporting unit level. The Company only has one reporting unit. The Company compares the fair value of the reporting unit with its carrying amount, including goodwill. In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-08, "Intangibles – Goodwill and Other (Topic 350): Testing Goodwill Impairment", which is intended to simplify goodwill impairment testing by permitting the assessment of qualitative factors to determine whether events and circumstances lead to the conclusion that it is necessary to perform the traditional two-step impairment test. Under this update, the Company is not required to calculate the fair value of its reporting units unless it concludes that it is more likely than not (likelihood of more than 50%) that the carrying value of its reporting units is greater than the fair value of such units based on its assessment of events and circumstances. The Company adopted the provisions of this update for its 2012 reporting which resulted in no material impact on its consolidated financial statements. The provisions of this update were also used for the Company's 2013 reporting and annual goodwill analysis.

The Company has intangible assets that consist of trademarks, developed technology, customer relationships, non-competition agreements and in-process research and development. The intangible assets are amortized over the following useful lives:

Trademarks	5 – 7 years
Developed technology	5 years
Customer relationship	12 - 15 years
Non-competition agreements	3 years
In-process research and development	3 years

The Company continually evaluates whether events or changes in circumstances have occurred that indicate that the carrying value of its long-lived assets, including intangible assets, may be impaired. When such events occur, the Company compares the expected future net cash flows (undiscounted and without interest charges) of the assets to the carrying value. If this comparison indicates that there may be impairment, the amount of the impairment is calculated as the difference between the carrying value and fair value. To date, the Company believes that no impairments have occurred, and no impairment charge was recorded for the years ended December 31, 2013 and 2012.

Revenue Recognition

The Company sells software licenses, maintenance on its software licenses, subscriptions to hosted software, and varying levels of professional services. For multiple-element software arrangements, total revenue is allocated to each element based on the residual method or the relative fair value method when applicable. Under the residual value method, the Company allocates revenue to delivered components, normally the license component of the arrangement, based on vendor-specific objective evidence ("VSOE") of undelivered elements, which is specific to the Company. Under the relative fair value method, the total revenue is allocated among the elements based upon the relative fair value of each element as determined through the fair value hierarchy.

Software License Fees

MicroEdge recognizes revenue from the licensing of software when persuasive evidence of an arrangement exists, the product has been delivered, the fee is fixed and determinable and collection of the resulting receivable is probable. MicroEdge generally uses a signed license agreement as evidence of an arrangement. Revenue is recognized once shipment to the customer has taken place and when all other revenue recognition criteria have been met.

Services

The Company generally bills consulting, installation and training services based on hourly rates plus reimbursable travel-related expenses. Revenue is recognized for these services during the period the services are performed.

Maintenance and Support

The Company recognizes revenue from maintenance and support services ratably over the contract term. Maintenance agreements entitle customers to receive technical support and product updates. Maintenance agreements are generally between one and seven years in length.

Subscriptions

The Company provides hosting services to customers who have purchased services related to certain of its software products for various terms. Revenue recognized from hosting services varies by service and client usage. In certain situations, the Company charges an upfront fee related to implementation. The Company defers these implementation fees and recognizes them ratably over the longer of the contract or the expected term of the client relationship upon commencement of the hosting services. The Company allocates revenue for such arrangements based on the relative selling prices of the elements applying the following hierarchy: first VSOE, then third-party evidence ("TPE") of the selling price if VSOE is not available, and finally its estimate of the selling price if neither VSOE nor TPE is available. VSOE exists when the Company sells the deliverables separately and represents the actual price charged by the Company for each deliverable. Estimated selling price reflects the Company's best estimate of what the selling prices of each deliverable would be if it were sold regularly on a standalone basis taking into consideration the cost structure of the Company's business, technical skill required, customer location and other market conditions. Each element that has standalone value is accounted for as a separate unit of accounting. Revenue allocated to each unit of accounting is recognized when the service is provided or the product is delivered.

If amounts are received in advance of the services being performed, the amounts are recorded and presented as deferred revenue. Revenue is recognized net of any related state sales taxes charged, and sales taxes payable are recorded in accrued expenses.

Income Taxes

The Company is a limited liability company and treated as a division for income tax purposes. Accordingly, taxable income or loss is passed through to the income tax returns of the Company's members; consequently, no provision for Federal taxes is required. The consolidated financial statements include a provision for various state income taxes. Deferred income taxes are not material to the Company's financial position and results of operations.

In addition, on January 3, 2012, the Company converted its wholly-owned subsidiary, AngelPoints, Inc., to AngelPoints, LLC, a limited liability company. This transaction resulted in a 2012 tax liability of $1,500 from the closing of AngelPoints, Inc.

The Company did not have any unrecognized tax benefits at December 31, 2013 and 2012. In certain cases, the Company's uncertain tax positions are related to the years beginning with the 2009 tax year that remain subject to examination by the relevant tax authorities. The Company files state income tax returns in jurisdictions with varying statutes of limitations and may be subject to tax examinations. The Company is subject to examination by state tax authorities generally for the period mandated by statute. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. At December 31, 2013 and 2012, the Company had no accrued interest or penalties.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentration of credit risk consist of sales, accounts receivable and cash deposits. Cash balances are held principally at one financial institution and may, at times, exceed insurable amounts. Management periodically assesses the financial condition of the banking institutions and believes that any potential credit loss is minimal.

The Company believes concentration of credit risk with respect to sales and accounts receivable is limited due to the large number of customers comprising the Company's customer base and their dispersion across geographic areas and the fact that no single customer represents greater than 10% at December 31, 2013 and 2012, respectively, of the Company's sales or accounts receivable.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables and accounts payable approximate fair value due to the short maturity of these assets and liabilities. The interest rate on the Company's term loan and revolving credit agreement is adjusted regularly to reflect current market rates. Accordingly, the carrying amount approximates fair value.

Shipping and Handling Costs

The Company incurs shipping and handling costs in its operations. These costs are not billed to customers and are included in cost of goods sold.

Advertising Expenses

The Company expenses all advertising costs during the year in which they are incurred. Total net advertising expense incurred for the years ended December 31, 2013 and 2012 was $259 and $375, respectively.

Product Development

Product development expenses consist primarily of salary and benefits for the Company’s development and technical support staff, contractors' fees and other costs associated with the enhancements of existing products and services. Development of new products and services are expensed as incurred unless criteria for capitalization are met. Costs incurred for software development prior to technological feasibility are expensed as product development costs in the period incurred. Once the point of technological feasibility is reached, which is generally the completion of a working prototype that has no critical bugs and is a release candidate, development costs are capitalized until the product is ready for general release and are classified as “other intangibles, net” on the consolidated balance sheet. The Company amortizes capitalized software development costs using the greater of the ratio of the products’ current gross revenues to the total of current expected gross revenues or on a straight-line basis over the estimated economic life of the related product, which is typically three years. For the years ended December 31, 2013 and 2012, the Company did not capitalize any product development costs.

Allowance for Doubtful Accounts

The Company reviews the collectability of accounts receivable based on an assessment of historic experience, current economic conditions, and other collection indicators. When accounts are determined to be uncollectible, they are written off against the reserve balance and the reserve is reassessed.

(in thousands)

1. Fixed Assets, Net

Fixed assets, net consist of the following:

December 31,	**2013**	2012
Description:		
Software	**$ 1,480**	$ 1,393
Computer equipment/hardware	**1,345**	1,113
Other equipment	**138**	110
Furniture and fixtures	**187**	141
Leasehold improvements	**278**	193
	3,428	2,950
Less: Accumulated depreciation and amortization	**(2,286)**	(1,726)
	$ 1,142	$ 1,224

Depreciation and amortization expense of fixed assets for the years ended December 31, 2013 and 2012 was approximately $560 and $665, respectively.

2. Intangible Assets, Net

The Company recorded intangible assets in connection with the purchase of MicroEdge, Inc. from Advent of $23,551 and its purchase of AngelPoints of $3,740. The value of these intangible assets is amortized over their estimated useful lives.

Intangible assets, net consist of the following:

December 31,	**2013**			2012		
Description	Cost	Accumulated Amortization	Net Value	Cost	Accumulated Amortization	Net Value
Customer relationships	**$18,700**	**$ 6,205**	**$12,495**	$18,700	$4,679	$14,021
Developed technology	**6,511**	**4,874**	**1,637**	6,511	3,577	2,934
Trademarks	**1,324**	**970**	**354**	1,324	721	603
In-process research and development	**736**	**736**	**-**	736	736	-
Non-compete agreements	**20**	**14**	**6**	20	8	12
	$27,291	**$12,799**	**$14,492**	$27,291	$9,721	$17,570

Amortization expense for intangible assets was $3,078 and $3,275 for the years ended December 31, 2013 and 2012, respectively. The estimate of annual amortization expense, based on current intangible balances, for the year 2014 will approximate $2,775, for the year 2015 will approximate $1,861, for the year 2016 will approximate $1,861, for the year 2017 will approximate $1,566, for the year 2018 will approximate $1,566, and thereafter will approximate $4,863.

Customer relationships, developed technology, trademarks, in-process research and development and non-compete agreements were established through business acquisitions. Customer relationships are definite-lived intangible assets that are amortized on a straight-line basis over a remaining weighted-average period of approximately 8 years as of December 31, 2013. Developed technologies are definite-lived intangible assets that are amortized on a straight-line basis over a remaining weighted-average period of approximately 2 years as of December 31, 2013. Trademarks are definite-lived intangible assets that are amortized on a straight-line basis over a remaining weighted-average period of approximately 3 years as of December 31, 2013. In-process research and development are definite-lived intangible assets that have been fully amortized as of December 31, 2013. Non-compete agreements are definite-lived intangible assets that are amortized on a straight-line basis over a weighted-average period of approximately 1 year as of December 31, 2013.

3. Goodwill

The Company recorded goodwill in the amount of $10,699 due to the purchase of MicroEdge, Inc. from Advent and $6,484 due to the purchase of AngelPoints. Goodwill is not amortized, but is tested for impairment on an annual basis, or more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For the years ended December 31, 2013 and 2012, no impairment charge was recorded for goodwill.

4. Term Loan and Revolving Credit Facility

The Company entered into a $13,500 senior secured credit facility on October 1, 2009 with Silicon Valley Bank (“SVB”). The facility is made up of a $12,000 term loan and a $1,500 revolver which can be used to secure letters of credit, foreign exchange forward contracts and cash management services (“Original Credit Agreement”). The facility expires on September 30, 2014, at which time all outstanding balances are due. On May 23, 2011, the Company amended the Original Credit Agreement (“First Amendment”), at which time the Company prepaid $8,000 of the outstanding balance on the term loan without penalty. No revisions were made to the revolving line of credit or term of the debt. The Company wrote off the proportionate deferred financing costs and discount associated with the prepaid balance through interest expense. On November 30, 2011, the Company entered into a second amendment of the Original Credit Agreement (“Second Amendment”), at which time outstanding principal on the term loan was increased to $12,000 in order to fund the AngelPoints acquisition. No revisions were made on the revolving line of credit at the time of the Second Amendment. Under the Second Amendment, the facility expires on November 30, 2016, at which time all outstanding balances are due. On September 1, 2012, the Company entered into a third amendment of the Original Credit Agreement (“Third Amendment”), at which time the Company entered into a corporate restructuring and requested that certain terms and conditions of the Original Credit Agreement be modified. No revisions that have an impact on the financial statements were made on either the term loan or the revolving line of credit at the time of the Third Amendment. On December 14, 2012, the Company entered into a fourth amendment of the Original Credit Agreement (“Fourth Amendment”), at which time outstanding principal on the term loan was increased to $45,000. At this time, the revolving line of credit was increased to $2,500. Under the Fourth Amendment, the facility expires on December 14, 2017, at which time all outstanding balances are due. On December 27, 2012, the Company entered into a fifth amendment of the Original Credit Agreement (“Fifth Amendment”), at which time the Vista sponsor sold some of its equity interests of the Parent to Bregal. No revisions that have an impact on the financial statements were made on either the term loan or the revolving line of credit at the time of the Fifth Amendment.

(in thousands)

The interest rate under the Fourth Amendment is equal to the Eurodollar rate plus 4.5% for Eurodollar loans or prime plus 2.75% for alternative base loans if the consolidated leverage ratio is >=3.25:1.00. If the consolidated leverage ratio is greater than or equal to 2.50:1.00<3.25:1.00, then the interest rate is 4.25% on a Eurodollar loan or prime plus 2.5% for alternative base loans. If the consolidated leverage ratio is less than 2.50:1.00, then the interest rate is 4.0% on a Eurodollar loan or prime plus 2.25% for alternative base loans. The interest rate at December 31, 2013 and 2012 were 5.75% and 5.75%, respectively.

The Company recognized $2,548 and $729 of interest for the years ended December 31, 2013 and 2012, respectively.

Under the revolver portion of the agreement, the lender will guarantee standby letters of credit up to $2,500. The terms of the amended agreement include various restrictions which, among other things, include use of funds, other indebtedness, and financial covenants. The Company has not drawn on the revolver as of December 31, 2013.

Borrowings outstanding were $42,750 and $45,000 on December 31, 2013 and 2012, respectively. The facility requires quarterly principal payments which are due on the last day of each calendar quarter and monthly interest payments.

The Company paid a 2.5% commitment fee ($388) to SVB at closing. This fee is being treated as a discount on loan proceeds and is being amortized over the term of the facility into interest expense. The Company recognized $13 and $14 of this expense for the years ended December 31, 2013 and 2012, respectively, in interest expense.

Deferred financing costs included in other assets represent the direct costs of entering into the Company's credit facility in October 2009. These costs are amortized as interest expense using the effective interest method. The deferred financing fees are being amortized over the term of the credit facility. The Company capitalized $577 of fees incurred amending their credit facilities in fiscal 2012 related to the Fourth Amendment. The new deferred financing costs, along with the remaining balance from the original debt, will be amortized over the remaining term of the modified debt. The Company recorded $165 and $40 of expense for the years ended December 31, 2013 and 2012, respectively, in interest expense.

	2013	2012
Current portion of term loan (1)	**$ 5,910**	$ 2,250
Current portion of discount on term loan	**(13)**	(11)
	$ 5,897	$ 2,239
Long-term portion of term loan	**$36,840**	$42,750
Long-term portion of discount on term loan	**(30)**	(44)
	$36,810	$42,706

(1) Current portion of debt is comprised of $3,375 of quarterly scheduled required principal payments and an additional $2,535 annual accelerated principal repayment as required by the debt agreement due to excess cash on hand as of December 31, 2013.

5. Related Party Transactions

The Company entered into a Management Agreement on October 1, 2009 with VEP, where VEP agrees to provide management and consulting services including, but not limited to, management, finance, marketing, operational and strategic planning, relationship access, corporate development and analysis of potential mergers and acquisitions for the Company and its subsidiaries as agreed upon by VEP and the Company's Board of Directors.

As of December 31, 2013 and 2012, the Company had outstanding payables to VEP of $125 and $125, respectively. For the years ended December 31, 2013 and 2012, the Company had $787 and $761, respectively, of expenses related to transactions with VEP.

In addition, the Company pays Vista Consulting Group ("VCG"), a division of VEP, consulting and travel expenses that they perform on behalf of their subsidiary companies. For the years ended December 31, 2013 and 2012, the Company had $140 and $169, respectively, of expenses related to transactions with VCG.

For the years ended December 31, 2013 and 2012, the Company entered into transactions with BigMachines, Inc. ("BigMachines") which shares common ownership via VEP. For the years ended December 31, 2013 and 2012, the Company had $47 and $29, respectively, of expenses related to purchases from BigMachines.

The Company entered into a Management Agreement on December 27, 2012 with Bregal, where Bregal agrees to provide management and consulting services including, but not limited to, management, finance, marketing, operational and strategic planning, relationship access, corporate development and analysis of potential mergers and acquisitions for the Company and its subsidiaries as agreed upon by Bregal and the Company's Board of Directors. As of December 31, 2013 the Company had no outstanding payables to Bregal and for the year ended December 31, 2013 the Company had $250 in expenses related to transactions with Bregal.

6. Management Incentive Units

The Company has granted Management Incentive Units ("MIU", "MIUs" or "Units") to certain of its executive members as share-based compensation through a Management Incentive Plan (the "Plan"). The Plan offers both Incentive Service Units ("ISU") and Incentive Performance Units ("PSU") with vesting terms. ISUs generally vest 25% at the first anniversary, and 6.25% each quarter thereafter. The vesting of the ISUs is conditioned upon continued employment of the individual. Upon an Approved Sale (a "Trigger Event"), the remaining units vest but are not paid until certain service conditions are met (generally, the employee must be employed by the Company through the first anniversary date of the Approved Sale, or have been terminated without cause within that one year period). PSUs vest when recurring revenue and EBITDA achieve certain thresholds on a trailing 12 month basis or upon an Approved Sale if an established Equity Return Multiple is met. Vested MIUs provide the MIU holder with the right to participate in any return of VEP's investment through distributions at the time of an Approved Sale of the Company, or intermediate distributions, ("distributions") provided the MIU holder is employed by the Company at that time. If the MIU holder leaves the Company without cause or is terminated for cause the vested MIUs are to be repurchased by the Company at cost, which is $0. There are certain instances whereby the MIUs will be repurchased by the Company at fair market value. Compensation expense is recorded when the MIU holders participate in any returns to shareholders. When distributions are approved and communicated to the MIU holders, the amounts are recorded to compensation expense at the fair value of the vested Units at that time.

(in thousands)

In 2012 a distribution was approved and made to the MIU holders and, as a result, approximately $2.3 million of compensation expense is included in general and administrative expense.

There are 700 MIU's authorized under the Plan. A summary of the activity of the Units during the years ended December 31, 2013 and 2012 is as follows:

Total Management Incentive Units (000's except units)	Management Incentive Units
Management Incentive Units - January 1, 2012	518
Granted	75
Repurchased	(9)
Management Incentive Units - December 31, 2012	584
Granted	-
Forfeited	-
Management Incentive Units - December 31, 2013	584

As of December 31, 2013, there are 288 Management Incentive Service Units and 296 Management Performance Incentive Units issued. There were 229 and 156 Management Incentive Service Units vested as of December 31, 2013 and 2012, respectively.

7. Commitments and Contingencies

Future minimum rental payments required under noncancellable operating leases that have initial or remaining terms in excess of one year as of December 31, 2013 are as follows:

Year ending December 31,		
2014	$	524
2015		550
2016		565
2017		580
2018		558
Thereafter		67
	$	2,844

Certain operating leases contain escalation clauses with respect to real estate taxes and related operating costs. Accordingly, the Company has accounted for the rent expense under the straight-line method. Rent expense incurred for the years ended December 31, 2013 and 2012 was approximately $469 and $529, respectively. Renewal options exist with respect to several of the operating leases.

8. Litigation

The Company is subject to various actions and proceedings, including employee relations and other matters incidental to its business. Although the outcome of these claims cannot be determined, it is the opinion of management that the final resolution of these matters will not have a material adverse effect on the Company's financial condition, results of operations, or liquidity.

9. 401(k) Plan

The Company has adopted the MicroEdge, Inc. 401(k) Savings Plan (the "401(k) Plan"), which qualifies under Section 401(k) of the Internal Revenue Code of 1986, as amended. The 401(k) Plan is a defined contribution plan established to provide retirement benefits for employees. The 401(k) Plan is employee funded up to an elective annual deferral and also provides for the Company to make matching contributions to the 401(k) Plan.

The 401(k) Plan is available for all employees on the first day of the month following their start date. The Company did not provide an employer match to the employees' contributions in either fiscal 2013 and 2012.

10. Subsequent Events

The Company has evaluated subsequent events through March 31, 2014, the date the consolidated financial statements were available for issuance. There have been no subsequent events after December 31, 2013 for which disclosure is required.

Exhibit 99.3

MicroEdge Holdings, LLC and Subsidiaries

Unaudited Consolidated Financial Statements
As of September 30, 2014 and for the Nine Months Ended September 30, 2014 and 2013

MicroEdge Holdings, LLC and Subsidiaries

Contents

Consolidated Financial Statements:

MicroEdge Holdings, LLC and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share amounts)

	September 30, 2014	December 31, 2013
	(Unaudited)	
Assets		
Current:		
Cash and cash equivalents	$ **3,621**	$ 7,391
Accounts receivable, net of allowance for doubtful accounts of $236 and $106 at September 30, 2014 and December 31, 2013, respectively	**6,427**	8,212
Prepaid expenses	**1,335**	940
Other current assets	**405**	324
Total Current Assets	**11,788**	16,867
Fixed Assets, Net	**1,320**	1,142
Intangible Assets, Net	**12,183**	14,492
Goodwill	**17,183**	17,183
Deferred Financing Costs, Net	**262**	370
Other Assets	**356**	355
Total Assets	$ **43,092**	$ 50,409
Liabilities and Members' Deficit		
Current Liabilities:		
Accounts payable and accrued expenses	$ **2,454**	$ 2,471
Deferred revenue	**19,994**	19,937
Current portion of term loan, net of discount	**4,207**	5,897
Other current liabilities	**44**	93
Total Current Liabilities	**26,699**	28,398
Term Loan, Net of Current Portion and Discount	**29,944**	36,810
Deferred Revenue, Net of Current Portion	**1,606**	1,281
Other Long-Term Liabilities	**348**	369
Total Liabilities	**58,597**	66,858
Members' Deficit:		
Members' units, 10,222 shares authorized, issued and outstanding at September 30, 2014. 10,000 shares authorized, 9,784 issued and outstanding at December 31, 2013	**27,000**	27,000
Distribution to shareholders	**(44,891)**	(43,526)
Retained earnings	**2,386**	77
Total Members' Deficit	**(15,505)**	(16,449)
Total Liabilities and Members' Deficit	$ **43,092**	$ 50,409

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

MicroEdge Holdings, LLC and Subsidiaries
Unaudited Consolidated Statements of Operations
(in thousands)

Nine Months Ended September 30,		**2014**		2013
Revenue	**$**	**25,606**	$	24,272
Cost of Revenue		**5,350**		4,957
Gross Profit		**20,256**		19,315
Operating Expenses:				
Research and development		**5,139**		4,711
Sales and marketing		**5,767**		5,571
General and administrative		**4,096**		3,235
Total Operating Expenses		**15,002**		13,517
Operating Income		**5,254**		5,798
Other Expenses:				
Interest expense, net		**1,802**		2,052
Other expense		**1,077**		1,289
Total Other Expenses		**2,879**		3,341
Income Before Income Taxes		**2,375**		2,457
Income Taxes		**66**		79
Net Income	**$**	**2,309**	$	2,378

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

MicroEdge Holdings, LLC and Subsidiaries
Unaudited Consolidated Statements of Members' Deficit
(in thousands)

Nine Months Ended September 30, 2014		
Balance, December 31, 2013	**$**	**(16,449)**
Distribution		**(1,365)**
Net income		**2,309**
Balance, September 30, 2014	**$**	**(15,505)**

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

MicroEdge Holdings, LLC and Subsidiaries
Unaudited Consolidated Statements of Cash Flows
(in thousands)

Nine Months Ended September 30,		**2014**		2013
Cash Flows From Operating Activities:				
Net income	**$**	**2,309**	$	2,378
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		**2,854**		2,873
Change in allowance for doubtful accounts		**130**		2
Increase or decrease in certain assets and liabilities:				
Accounts receivable		**1,655**		(65)
Prepaid expenses and other assets		**(486)**		(448)
Accounts payable		**24**		(68)
Accrued compensation		**(153)**		(622)
Accrued liabilities and other liabilities		**42**		(284)
Deferred revenue		**382**		2,636
Net Cash Provided by Operating Activities		**6,757**		6,402
Cash Flows From Investing Activities:				
Purchase of fixed assets		**(596)**		(255)
Net Cash Used In Investing Activities		**(596)**		(255)
Cash Flows From Financing Activities:				
Repayment of bank borrowings		**(8,566)**		(1,689)
Capital distribution		**(1,365)**		(1,792)
Net Cash Used In Financing Activities		**(9,931)**		(3,481)
Net (Decrease) Increase in Cash and Cash Equivalents		**(3,770)**		2,666
Cash and Cash Equivalents, Beginning of Year		**7,391**		2,870
Cash and Cash Equivalents, End of Year	**$**	**3,621**	$	5,536
Supplemental Disclosures of Cash Flow Information:				
Cash paid for:				
Interest	**$**	**1,687**	$	1,934
Income taxes		**66**		79

See accompanying summary of significant accounting policies and notes to consolidated financial statements.

Ownership Structure

MicroEdge Holdings, LLC (“Parent” or “Holdings”) is a Delaware limited liability company. MicroEdge, LLC (“MicroEdge” or the “Company”), a New York limited liability company, was formed on July 21, 2009 as MicroEdge Merger Sub, LLC (“Merger Sub”) and subsequently renamed MicroEdge, LLC, a wholly-owned subsidiary of Holdings. Upon inception, an initial contribution of $27,000 was made by Vista Foundation Fund I AIV I, L.P. (“VEP”) to capitalize the Company. In exchange for this contribution, VEP was issued 9,300 members’ units.

On October 1, 2009, Holdings completed the purchase of MicroEdge, Inc., a wholly-owned subsidiary of Advent Software, Inc. (“Advent”), a Delaware corporation, pursuant to an agreement and plan of merger (the “Agreement”) entered into on July 27, 2009 by and among Advent, Merger Sub and MicroEdge, Inc., a New York corporation. Pursuant to the Agreement, MicroEdge, Inc. merged with and into Merger Sub and was renamed MicroEdge, LLC.

On November 30, 2011, the Company acquired AngelPoints, Inc., which was converted to AngelPoints, LLC (“AngelPoints”) on January 3, 2012. AngelPoints is a wholly-owned subsidiary of the Company as of December 31, 2012.

On September 1, 2012, Holdings completed a reorganization of the MicroEdge structure, pursuant to a Contribution and Exchange Agreement (the “Contribution Agreement”) entered into by and between MicroEdge Intermediate Holdings, LLC (“Intermediate”), a Delaware limited liability company, and Holdings, by which Holdings contributed 100% of its ownership in MicroEdge to Intermediate in exchange for 10 Class A units and 990 Class B units of Intermediate. Pursuant to a redemption agreement (the “Redemption Agreement”) entered into on September 1, 2012 by and among Intermediate, Holdings and VEP, Holdings issued to VEP 10 Class A units of Intermediate in consideration for the redemption of 100 units of Holdings held by VEP.

On December 27, 2012, Holdings, which was wholly owned by VEP, completed the sale of 3,612.50 members’ units of Holdings to BRC Hold I, Inc. (“Bregal”), pursuant to a unit purchase agreement (the “Purchase Agreement”) entered into by and among Holdings, Bregal and VEP.

Business Activities

MicroEdge is a leading provider of software and related services designed specifically for the grant making community. MicroEdge’s products and services enable nonprofit organizations to increase donations, reduce fundraising costs, improve communications with constituents, manage their finances, optimize internal operations and offer solutions for employee and corporate giving.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany account balances and transactions have been eliminated in consolidation.

Basis of Presentation

The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information. Accordingly, certain information and footnote disclosures normally included in the annual consolidated fianncial statements have been condensed or omitted.

In the opinion of management, the unaudited consolidated financial statements contain all adjustments necessary to present fairly the consolidated financial position of MicroEdge Holdings, LLC and Subsidiaries as of September 30, 2014 and the results of operations and cash flows for the nine months ended September 30, 2014 and 2013.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period and disclose any contingent assets and liabilities at the date of the consolidated financial statements. The most significant estimates include accounts receivable allowances, goodwill and intangible assets acquired. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents consist of investments in bank balances and investments in money market funds representing overnight investments with a high degree of liquidity.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and amortization. The Company calculates depreciation and amortization using the straight-line method over the assets' estimated useful lives. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the estimated useful life of the assets or the remaining lease term. The cost and related accumulated depreciation applicable to fixed assets sold or no longer in service are eliminated from the accounts and any gains or losses are generally included in other income (expenses).

Useful lives by principal classifications are as follows:

Furniture and fixtures	5 years
Computer equipment/hardware	3 years
Software	3 years
Other equipment	5 years
Leasehold improvements	Lesser of remaining useful life or term of the lease

Repairs and maintenance expenditures, which are not considered improvements and do not extend the useful life of the fixed assets, are expensed as incurred.

(in thousands)

Goodwill and Intangible Assets

Goodwill is subject to an annual impairment analysis. The Company tests for goodwill impairment at the reporting unit level. The Company only has one reporting unit. The Company is not required to calculate the fair value of its reporting units unless it concludes that it is more likely than not (likelihood of more than 50%) that the carrying value of its reporting units is greater than the fair value of such units based on its assessment of events and circumstances. If such events and circumstances indicate goodwill may be impaired, the Company compares the fair value of the reporting unit with its carrying amount, including goodwill. There were no indicators of impairment of goodwill identified and no impairment was recorded as of September 30, 2014 and December 31, 2013.

The Company has intangible assets that consist of trademarks, developed technology, customer relationships, non-competition agreements and in-process research and development. The intangible assets are amortized over the following useful lives:

Trademarks	5 – 7 years
Developed technology	5 years
Customer relationships	12 - 15 years
Non-competition agreements	3 years
In-process research and development	3 years

The Company continually evaluates whether events or changes in circumstances have occurred that indicate that the carrying value of its long-lived assets, including intangible assets, may be impaired. When such events occur, the Company compares the expected future net cash flows (undiscounted and without interest charges) of the assets to the carrying value. If this comparison indicates that there may be impairment, the amount of the impairment is calculated as the difference between the carrying value and fair value. To date, the Company believes that no impairments have occurred, and no impairment charge was recorded as of September 30, 2014 and December 31, 2013.

Revenue Recognition

The Company sells software licenses, maintenance on its software licenses, subscriptions to hosted software, and varying levels of professional services. For multiple-element software arrangements, total revenue is allocated to each element based on the residual method or the relative fair value method when applicable. Under the residual value method, the Company allocates revenue to delivered components, normally the license component of the arrangement, based on vendor-specific objective evidence ("VSOE") of undelivered elements, which is specific to the Company. Under the relative fair value method, the total revenue is allocated among the elements based upon the relative fair value of each element as determined through the fair value hierarchy.

Software License Fees

MicroEdge recognizes revenue from the licensing of software when persuasive evidence of an arrangement exists, the product has been delivered, the fee is fixed and determinable and collection of the resulting receivable is probable. MicroEdge generally uses a signed license agreement as evidence of an arrangement. Revenue is recognized once shipment to the customer has taken place and when all other revenue recognition criteria have been met.

Services

The Company generally bills consulting, installation and training services based on hourly rates plus reimbursable travel-related expenses. Revenue is recognized for these services during the period the services are performed.

Maintenance and Support

The Company recognizes revenue from maintenance and support services ratably over the contract term. Maintenance agreements entitle customers to receive technical support and product updates. Maintenance agreements are generally between one and seven years in length.

Subscriptions

The Company provides hosting services to customers who have purchased services related to certain of its software products for various terms. Revenue recognized from hosting services varies by service and client usage. In certain situations, the Company charges an upfront fee related to implementation. The Company defers these implementation fees and recognizes them ratably over the shorter of the contract or the expected term of the client relationship upon commencement of the hosting services. The Company allocates revenue for such arrangements based on the relative selling prices of the elements applying the following hierarchy: first VSOE, then third-party evidence ("TPE") of the selling price if VSOE is not available, and finally its estimate of the selling price if neither VSOE nor TPE is available. VSOE exists when the Company sells the deliverables separately and represents the actual price charged by the Company for each deliverable. Estimated selling price reflects the Company's best estimate of what the selling prices of each deliverable would be if it were sold regularly on a standalone basis taking into consideration the cost structure of the Company's business, technical skill required, customer location and other market conditions. Each element that has standalone value is accounted for as a separate unit of accounting. Revenue allocated to each unit of accounting is recognized when the service is provided or the product is delivered.

If amounts are received in advance of the services being performed, the amounts are recorded and presented as deferred revenue. Revenue is recognized net of any related state sales taxes charged, and sales taxes payable are recorded in accrued expenses.

Income Taxes

The Company is a limited liability company and treated as a division for income tax purposes. Accordingly, taxable income or loss is passed through to the income tax returns of the Company's members; consequently, no provision for Federal taxes is required. The consolidated financial statements include expenses for various state taxes. Deferred income taxes are not material to the Company's financial position and results of operations.

The Company did not have any unrecognized tax benefits at September 30, 2014 and December 31, 2013. The Company files state income tax returns in jurisdictions with varying statutes of limitations and may be subject to tax examinations. The Company is subject to examination by state tax authorities generally for the period mandated by statute. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. At September 30, 2014 and December 31, 2013, the Company had no accrued interest or penalties.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentration of credit risk consist of sales, accounts receivable, and cash deposits. Cash balances are held principally at one financial institution and may, at times, exceed insurable amounts. Management periodically assesses the financial condition of the banking institutions and believes that any potential credit loss is minimal.

The Company believes concentration of credit risk with respect to sales and accounts receivable is limited due to the large number of customers comprising the Company's customer base and their dispersion across geographic areas and the fact that no single customer represents greater than 10% of its accounts receivable at September 30, 2014 and December 31, 2013, or greater than 10% of its sales for the nine months ended September 30, 2014 and 2013.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables and accounts payable approximate fair value due to the short maturity of these assets and liabilities. The interest rate on the Company's term loan and revolving credit agreement is adjusted regularly to reflect current market rates. Accordingly, the carrying amount approximates fair value.

Shipping and Handling Costs

The Company occasionally incurs shipping and handling costs in its operations. These costs are not billed to customers and are included in cost of goods sold.

Advertising Expenses

The Company expenses all advertising costs during the year in which they are incurred. Total net advertising expense incurred for nine months ended September 30, 2014 and 2013 was $81 and $87, respectively.

Product Development

Product development expenses consist primarily of salary and benefits for the Company's development and technical support staff, contractors' fees and other costs associated with the enhancements of existing products and services. Development of new products and services are expensed as incurred unless criteria for capitalization are met. Costs incurred for software development prior to technological feasibility are expensed as product development costs in the period incurred. Once the point of technological feasibility is reached, which is generally the completion of a working prototype that has no critical bugs and is a release candidate, development costs are capitalized until the product is ready for general release and are classified as "other intangibles, net" on the consolidated balance sheet. The Company amortizes capitalized software development costs using the greater of the ratio of the products' current gross revenues to the total of current expected gross revenues or on a straight-line basis over the estimated economic life of the related product, which is typically three years. As of September 30, 2014 and December 31, 2013, the Company did not capitalize any product development costs.

Allowance for Doubtful Accounts

The Company reviews the collectability of accounts receivable based on an assessment of historic experience, current economic conditions, and other collection indicators. When accounts are determined to be uncollectable, they are written off against the reserve balance and the reserve is reassessed.

(in thousands)

1. Fixed Assets, Net

Fixed assets, net consist of the following:

	September 30, 2014	December 31, 2013
Description:		
Software	**$ 1,535**	$ 1,480
Computer equipment/hardware	**1,627**	1,345
Other equipment	**357**	138
Furniture and fixtures	**228**	187
Leasehold improvements	**278**	278
	4,025	3,428
Less: Accumulated depreciation and amortization	**(2,705)**	(2,286)
	$ 1,320	$ 1,142

Depreciation and amortization expense of fixed assets for the nine months ended September 30, 2014 and 2013 was approximately $419 and $430, respectively.

2. Intangible Assets, Net

The Company recorded intangible assets in connection with the purchase of MicroEdge, Inc. from Advent of $23,551 and its purchase of AngelPoints of $3,740. The value of these intangible assets is amortized over their estimated useful lives.

Intangible assets, net consist of the following:

	September 30, 2014			December 31, 2013		
Description	Cost	Accumulated Amortization	Net Value	Cost	Accumulated Amortization	Net Value
Customer relationships	**$ 18,700**	**$ 7,350**	**$ 11,350**	$ 18,700	$ 6,205	$ 12,495
Developed technology	**6,511**	**5,848**	**663**	6,511	4,874	1,637
Trademarks	**1,324**	**1,156**	**168**	1,324	970	354
In-process research and development	**736**	**736**	**—**	736	736	—
Non-compete agreements	**20**	**18**	**2**	20	14	6
	$ 27,291	**$ 15,108**	**$ 12,183**	$ 27,291	$ 12,799	$ 14,492

Amortization expense for intangible assets for the nine months ended September 30, 2014 and 2013 was $2,309. The estimate of future annual amortization expense, based on current intangible balances, for the three months ended December 31, 2014 would approximate $467, for the year 2015 will approximate $1,861, for the year 2016 will approximate $1,861, for the year 2017 will approximate $1,566, for the year 2018 will approximate $1,566, and thereafter will approximate $4,862.

Customer relationships, developed technology, trademarks, in-process research and development and non-compete agreements were established through business acquisitions.

3. Goodwill

The Company recorded goodwill in the amount of $10,699 due to the purchase of MicroEdge, Inc. from Advent and $6,484 due to the purchase of AngelPoints. Goodwill is not amortized, but is tested for impairment on an annual basis, or more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. For the nine months ended September 30, 2014 and 2013, no impairment charge was recorded for goodwill.

4. Term Loan and Revolving Credit Facility

The Company entered into a $13,500 senior secured credit facility on October 1, 2009 with Silicon Valley Bank (“SVB”). The facility is made up of a $12,000 term loan and a $1,500 revolver which can be used to secure letters of credit, foreign exchange forward contracts and cash management services (“Original Credit Agreement”). The facility was set to expire on September 30, 2014, at which time all outstanding balances are due. On May 23, 2011, the Company amended the Original Credit Agreement (“First Amendment”), at which time the Company prepaid $8,000 of the outstanding balance on the term loan without penalty. No revisions were made to the revolving line of credit or term of the debt. The Company wrote off the proportionate deferred financing costs and discount associated with the prepaid balance through interest expense. On November 30, 2011, the Company entered into a second amendment of the Original Credit Agreement (“Second Amendment”), at which time outstanding principal on the term loan was increased to $12,000 in order to fund the AngelPoints acquisition. No revisions were made on the revolving line of credit at the time of the Second Amendment. Under the Second Amendment, the facility expires on November 30, 2016, at which time all outstanding balances are due. On September 1, 2012, the Company entered into a third amendment of the Original Credit Agreement (“Third Amendment”), at which time the Company entered into a corporate restructuring and requested that certain terms and conditions of the Original Credit Agreement be modified. No revisions that have an impact on the financial statements were made on either the term loan or the revolving line of credit at the time of the Third Amendment. On December 14, 2012, the Company entered into a fourth amendment of the Original Credit Agreement (“Fourth Amendment”), at which time outstanding principal on the term loan was increased to $45,000. At this time, the revolving line of credit was increased to $2,500. Under the Fourth Amendment, the facility expires on December 14, 2017, at which time all outstanding balances are due. On December 27, 2012, the Company entered into a fifth amendment of the Original Credit Agreement (“Fifth Amendment”), at which time the Vista sponsor sold some of its equity interests of the Parent to Bregal. No revisions that have an impact on the financial statements were made on either the term loan or the revolving line of credit at the time of the Fifth Amendment.

The interest rate under the Fourth Amendment is equal to the Eurodollar rate plus 4.5% for Eurodollar loans or prime plus 2.75% for alternative base loans if the consolidated leverage ratio is >=3.25:1.00. If the consolidated leverage ratio is greater than or equal to 2.50:1.00<3.25:1.00, then the interest rate is 4.25% on a Eurodollar loan or prime plus 2.5% for alternative base loans. If the consolidated leverage ratio is less than 2.50:1.00, then the interest rate is 4.0% on a Eurodollar loan or prime plus 2.25% for alternative base loans. The interest rates at September 30, 2014 and December 31, 2013 were 5.50% and 5.75%, respectively.

The Company recognized $1,674 and $1,917 of interest expense for the nine months ended September 30, 2014 and 2013, respectively.

Under the revolver portion of the agreement, the lender will guarantee standby letters of credit up to $2,500. The terms of the amended agreement include various restrictions which, among other things, include use of funds, other indebtedness, and financial covenants. The Company has not drawn on the revolver as of September 30, 2014.

(in thousands)

Borrowings outstanding were $34,183 and $42,750 on September 30, 2014 and December 31, 2013, respectively. The facility requires quarterly principal payments which are due on the last day of each calendar quarter and monthly interest payments. In June 2014, the Company made an additional principal payment of $3,500.

The Company paid a 2.5% commitment fee ($388) to SVB at closing. This fee is being treated as a discount on loan proceeds and is being amortized over the term of the facility into interest expense. The Company recognized interest expense of $10 during the nine months ended September 30, 2014 and 2013.

Deferred financing costs included in other assets represent the direct costs of entering into the Company's credit facility in October 2009. These costs are amortized as interest expense using the effective interest method. The deferred financing fees are being amortized over the term of the credit facility. The Company capitalized $577 of fees incurred amending their credit facilities in fiscal 2012 related to the Fourth Amendment. Additional deferred financing costs, along with the remaining balance from the original debt, will be amortized over the remaining term of the modified debt. The Company recorded $118 and $123 of expense for the nine months ended September 30, 2014 and 2013, respectively, in interest expense.

	September 30, 2014		**December 31, 2013**	
Current portion of term loan	**$**	**4,218**	$	5,910
Current portion of discount on term loan		**(11)**		(13)
	$	**4,207**	$	5,897
Long-term portion of term loan	**$**	**29,965**	$	36,840
Long-term portion of discount on term loan		**(21)**		(30)
	$	**29,944**	$	36,810

5. Related Party Transactions

The Company entered into a Management Agreement on October 1, 2009 with VEP, where VEP agrees to provide management and consulting services including, but not limited to, management, finance, marketing, operational and strategic planning, relationship access, corporate development and analysis of potential mergers and acquisitions for the Company and its subsidiaries as agreed upon by VEP and the Company's Board of Directors.

As of September 30, 2014 and December 31, 2013, the Company had accrued payables to VEP of $125 and $125, respectively. For the nine months ended September 30, 2014 and 2013, the Company had $458 and $594, respectively, of expenses related to transactions with VEP.

In addition, the Company pays Vista Consulting Group ("VCG"), a division of VEP, consulting and travel expenses that they perform on behalf of their subsidiary companies. For the nine months ended September 30, 2014 and 2013, the Company had $482 and $106, respectively, of expenses related to transactions with VCG.

The Company entered into a Management Agreement on December 27, 2012 with Bregal, where Bregal agrees to provide management and consulting services including, but not limited to, management, finance, marketing, operational and strategic planning, relationship access, corporate development and analysis of potential mergers and acquisitions for the Company and its subsidiaries as agreed upon by Bregal and the Company's Board of Directors. For the nine month periods ended September 30, 2014 and 2013, the Company recorded $201 and $188 of expenses related to Bregal, respectively.

(in thousands)

The Company also made payments to Bregal and others with ownership interest in order to pay their tax obligations arising from MicroEdge, LLC income. These payments were treated as equity distributions that were meant to reduce the payout upon the sale of the company. During the nine months ended September 30, 2014 and 2013, the Company made distributions to shareholders of $1,365 and $1,792, respectively.

6. Management Incentive Units

The Company has granted Management Incentive Units (“MIU”, “MIUs” or “Units”) to certain of its executive members as share-based compensation through a Management Incentive Plan (the “Plan”). The Plan offers both Incentive Service Units (“ISU”) and Incentive Performance Units (“PSU”) with vesting terms. ISUs generally vest 25% at the first anniversary, and 6.25% each quarter thereafter. The vesting of the ISUs is conditioned upon continued employment of the individual. Upon an Approved Sale (a “Trigger Event”), the remaining units vest but are not paid until certain service conditions are met (generally, the employee must be employed by the Company through the first anniversary date of the Approved Sale, or have been terminated without cause within that one year period). PSUs vest when recurring revenue and EBITDA achieve certain thresholds on a trailing 12 month basis or upon an Approved Sale if an established Equity Return Multiple is met. Vested MIUs provide the MIU holder with the right to participate in any return of VEP’s investment through distributions at the time of an Approved Sale of the Company, or intermediate distributions (“distributions”), provided the MIU holder is employed by the Company at that time. If the MIU holder leaves the Company without cause or is terminated for cause the vested MIUs are to be repurchased by the Company at cost, which is $0. There are certain instances whereby the MIUs will be repurchased by the Company at fair market value. Compensation expense is recorded when the MIU holders participate in any returns to shareholders. When distributions are approved and communicated to the MIU holders, the amounts are recorded to compensation expense at the fair value of the vested Units at that time.

There are 922 MIU’s authorized under the Plan. A summary of the activity of the Units for nine months ended September 30, 2014 and the year ended December 31, 2013 is as follows:

Total Management Incentive Units (000's except units)	Management Incentive Units
Management Incentive Units - January 1, 2013	584
Granted	—
Repurchased	—
Management Incentive Units - December 31, 2013	584
Granted	375
Forfeited	(37)
Management Incentive Units - September 30, 2014	922

(in thousands)

As of September 30, 2014, there are 456 Management Incentive Service Units and 466 Management Performance Incentive Units issued. There were 905 MIUs vested as of September 30, 2014 and 229 vested as of December 31, 2013.

On October 1, 2014, the holders of the outstanding equity interests of the Company executed an agreement (the "Purchase Agreement") with Blackbaud Inc. to sell all of the outstanding equity interests of the Company to Blackbaud Inc. For additional discussion of this subsequent event which did not impact the financial statements as of and for the nine months ended September 30, 2014, refer to Note 10.

The amount of stock compensation expense associated with the MIUs will be recorded by the Company subsequent to September 30, 2014 and could be material.

7. Commitments and Contingencies

Future minimum rental payments required under noncancellable operating leases that have initial or remaining terms in excess of one year as of September 30, 2014 are as follows:

Year ending December 31,		
2014 - remaining	$	135
2015		550
2016		565
2017		580
2018		558
Thereafter		67
	$	2,455

Certain operating leases contain escalation clauses with respect to real estate taxes and related operating costs. Accordingly, the Company has accounted for the rent expense under the straight-line method. Rent expense incurred for the nine months ended September 30, 2014 and 2013 was approximately $376 and $344, respectively. Renewal options exist with respect to several of the operating leases.

8. Litigation

The Company is subject to various actions and proceedings, including employee relations and other matters incidental to its business. Management is not aware of any pending procedures that will have a material impact on the Company's financial condition, results of operations, or liquidity.

9. 401(k) Plan

The Company has adopted the MicroEdge, Inc. 401(k) Savings Plan (the "401(k) Plan"), which qualifies under Section 401(k) of the Internal Revenue Code of 1986, as amended. The 401(k) Plan is a defined contribution plan established to provide retirement benefits for employees. The 401(k) Plan is employee funded up to an elective annual deferral and also provides for the Company to make matching contributions to the 401(k) Plan.

The 401(k) Plan is available for all employees on the first day of the month following their start date. The Company did not provide an employer match to the employees' contributions in either 2014 or 2013.

10. Subsequent Events

The Company has evaluated subsequent events through December 15, 2014, the date the consolidated financial statements were available for issuance.

On October 1, 2014, the holders of the outstanding equity interests of the Company executed the Purchase Agreement with Blackbaud Inc. to sell all of the outstanding equity interests of the Company to Blackbaud Inc. for total cash consideration of approximately $160 million, from which the payment of indebtedness and transaction expenses was made. The consideration was paid to the former stockholders of the Company in accordance with the terms of the Purchase Agreement and is subject to customary post-closing adjustment based on net working capital. As a result of the transaction, MicroEdge became a wholly owned subsidiary of Blackbaud Inc.

Exhibit 99.4

Blackbaud, Inc.
Unaudited Pro Forma Condensed
Combined Financial Statements

On October 1, 2014, Blackbaud, Inc., a Delaware corporation (“Blackbaud”), acquired all of the outstanding equity interests of MicroEdge Holdings, LLC, a Delaware limited liability company (“MicroEdge”), based in New York, New York. Blackbaud financed the acquisition with cash on hand and borrowings under its existing credit facility for an aggregate purchase price of $160 million, subject to certain adjustments set forth in the purchase agreement.

The unaudited pro forma condensed combined balance sheet was prepared as if the acquisition of MicroEdge had occurred on September 30, 2014. The unaudited pro forma condensed combined statements of comprehensive income for the nine months ended September 30, 2014 and for the year ended December 31, 2013 were prepared as if the acquisition had occurred on January 1, 2013.

These unaudited pro forma condensed combined statements of comprehensive income are based on estimates and assumptions, which have been made solely for purposes of developing such pro forma information for informational purposes only and are not necessarily indicative of future results or of actual results that would have been achieved had the acquisition of MicroEdge been consummated as of January 1, 2013. Certain of the estimated pro forma adjustments arising from the acquisition were derived from the purchase consideration and preliminary purchase price allocation and do not necessarily represent the final purchase price allocation. The preliminary estimates and assumptions used to determine the preliminary purchase price allocation are subject to change during the measurement period, which is the time after the acquisition during which the acquirer obtains the information needed to identify and measure the consideration transferred, the assets acquired and the liabilities assumed, not to exceed one year from the acquisition date. Accordingly, the initial purchase price allocation is preliminary and will be adjusted upon completion of the final valuation. Certain of the estimated pro forma adjustments arising from the acquisition were recorded to conform the accounting policies of MicroEdge to those of Blackbaud.

The unaudited pro forma adjustments are based upon available information and assumptions that Blackbaud believes are reasonable and reflect only those adjustments directly related to the MicroEdge acquisition that are factually supportable, and with respect to the unaudited pro forma condensed combined statements of comprehensive income, expected to have a continuing impact. The unaudited condensed combined pro forma financial statements do not give effect to any cost savings or incremental costs that may result from the integration of Blackbaud and MicroEdge.

The unaudited pro forma condensed combined balance sheet and statements of comprehensive income and related notes thereto should be read in conjunction with Blackbaud’s historical consolidated financial statements as previously filed in Blackbaud’s Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission (“SEC”) on February 26, 2014, and other forms filed with the SEC from time to time. In addition, this unaudited condensed combined pro forma information should be read in conjunction with MicroEdge’s historical consolidated financial statements for the year ended December 31, 2013 and for the nine months ended September 30, 2014. These financial statements are included in this Current Report on Form 8-K/A (Amendment No. 1) as exhibits 99.2 and 99.3, respectively.

Blackbaud, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2014

	Historical		Pro Forma		
(in thousands)	**Blackbaud**	**MicroEdge**	**Adjustments[1]**		**Combined**
Assets					
Current assets:					
Cash and cash equivalents	$ 53,960	$ 3,621	$ 140,000	(a)	$ 37,063
			(160,000)	(a)	
			(518)	(h)	
Donor restricted cash	50,075	—	—		50,075
Accounts receivable, net of allowance	69,194	6,427	—		75,621
Prepaid expenses and other current assets	30,800	1,740	954	(b)	33,747
			253	(s)	
Deferred tax asset, current portion	6,807	—	4,134	(c)	10,941
Total current assets	210,836	11,788	(15,177)		207,447
Property and equipment, net	48,014	1,320	—		49,334
Goodwill	274,065	17,183	(17,183)	(d)	352,567
			78,502	(f)	
Intangible assets, net	147,422	12,183	(12,183)	(d)	234,822
			87,400	(g)	
Other assets	22,647	618	(262)	(e)	23,229
			226	(h)	
Total assets	$ 702,984	$ 43,092	$ 121,323		$ 867,399
Liabilities and stockholders' equity					
Current liabilities:					
Trade accounts payable	$ 13,346	$ 552	$ —		$ 13,898
Accrued expenses and other current liabilities	42,938	1,946	(125)	(k)	50,411
			5,399	(i)	
			253	(s)	
Donations payable	50,075	—	—		50,075
Debt, current portion	4,372	4,207	(4,207)	(e)	4,372
Deferred revenue, current portion	195,319	19,994	(9,394)	(l)	205,919
Total current liabilities	306,050	26,699	(8,074)		324,675
Debt, net of current portion	166,771	29,944	(29,944)	(e)	306,479
			140,000	(a)	
			(292)	(h)	
Deferred tax liability	30,447	—	5,551	(c)	35,998
Deferred revenue, net of current portion	9,440	1,606	(806)	(l)	10,240
Other liabilities	6,140	348	(348)	(j)	6,140
Total liabilities	518,848	58,597	106,087		683,532
Stockholders' equity:					
Preferred stock	—	27,000	(27,000)	(m)	—
Common stock	56	—	—		56
Additional paid-in capital	237,152	—	—		237,152
Treasury stock	(184,299)	—	—		(184,299)
Accumulated other comprehensive loss	(1,061)	—	—		(1,061)
Distribution to shareholders	—	(44,891)	44,891	(m)	—
Retained earnings	132,288	2,386	(2,386)	(m)	132,019
			(1,223)	(i)	
			954	(b)	
Total stockholders' equity	184,136	(15,505)	15,236		183,867
Total liabilities and stockholders' equity	$ 702,984	$ 43,092	$ 121,323		$ 867,399

(1) See Note 3. Pro forma adjustments for explanation of adjustments.

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial statements.

Blackbaud, Inc.
Unaudited Pro Forma Condensed Combined Statement of Comprehensive Income
For The Nine Months Ended September 30, 2014

	Historical		Pro Forma	
(in thousands, except share and per share amounts)	**Blackbaud**	**MicroEdge**	**Adjustments[1]**	**Combined**
Revenue				
License fees	$ 11,195	$ 705	$ —	$ 11,900
Subscriptions	190,296	11,695	—	201,991
Services	95,768	1,606	—	97,374
Maintenance	109,000	11,600	—	120,600
Other revenue	5,349	—	—	5,349
Total revenue	411,608	25,606	—	437,214
Cost of revenue				
Cost of license fees	1,403	62	—	1,465
Cost of subscriptions	95,130	1,600	(973) (n)	101,227
			5,470 (o)	
Cost of services	78,914	2,208	(4) (p)	81,118
Cost of maintenance	17,544	1,480	2,325 (o)	21,349
Cost of other revenue	3,183	—	—	3,183
Total cost of revenue	196,174	5,350	6,818	208,342
Gross profit	215,434	20,256	(6,818)	228,872
Operating expenses				
Sales and marketing	78,647	5,767	(1,336) (n)	82,556
			(514) (b)	
			(8) (p)	
Research and development	54,265	5,139	(2) (p)	59,402
General and administrative	42,118	4,096	(1,141) (k)	43,830
			(1,243) (p)	
Amortization	1,629	—	525 (o)	2,154
Total operating expenses	176,659	15,002	(3,719)	187,942
Income from operations	38,775	5,254	(3,099)	40,930
Interest income	46	—	—	46
Interest expense	(4,059)	(1,802)	1,802 (e)	(5,624)
			(1,330) (q)	
			(88) (h)	
			(147) (r)	
Loss on debt extinguishment and termination of derivative instruments	(996)	—	—	(996)
Other income (expense), net	18	(1,077)	—	(1,059)
Income before provision for income taxes	33,784	2,375	(2,862)	33,297
Income tax provision	10,310	66	(1,116) (t)	9,260
Net income	$ 23,474	$ 2,309	$ (1,746)	$ 24,037
Earnings per share				
Basic	$ 0.52			$ 0.53
Diluted	$ 0.51			$ 0.53
Common shares and equivalents outstanding				
Basic weighted average shares	45,160,434			45,160,434
Diluted weighted average shares	45,704,157			45,704,157
Dividends per share	$ 0.36			0.36
Other comprehensive income				
Foreign currency translation adjustment	(62)	—	—	(62)
Unrealized gain on derivative instruments, net of tax	386	—	(143) (r)	243
Total comprehensive income	324	—	(143)	181
Comprehensive income	$ 23,798	$ 2,309	$ (1,889)	$ 24,218

(1) See Note 3. Pro forma adjustments for explanation of adjustments.

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial statements.

Blackbaud, Inc.
Unaudited Pro Forma Condensed Combined Statement of Comprehensive Income
For The Year Ended December 31, 2013

	Historical		Pro Forma		
(in thousands, except share and per share amounts)	**Blackbaud**	**MicroEdge**	**Adjustments(1)**		**Combined**
Revenue					
License fees	$ 16,715	$ 1,893	$ —		$ 18,608
Subscriptions	212,656	12,853	—		225,509
Services	126,548	2,360	—		128,908
Maintenance	138,745	16,238	—		154,983
Other revenue	9,153	—	—		9,153
Total revenue	503,817	33,344	—		537,161
Cost of revenue					
Cost of license fees	2,763	16	—		2,779
Cost of subscriptions	93,649	1,836	(1,297)	(n)	99,661
			5,473	(o)	
Cost of services	104,005	3,121	—		107,126
Cost of maintenance	25,741	2,088	1,296	(o)	29,125
Cost of other revenue	6,505	—	—		6,505
Total cost of revenue	232,663	7,061	5,472		245,196
Gross profit	271,154	26,283	(5,472)		291,965
Operating expenses					
Sales and marketing	97,614	7,361	(1,781)	(n)	102,753
			(441)	(b)	
Research and development	65,645	6,268	—		71,913
General and administrative	50,320	4,395	(1,177)	(k)	53,538
Restructuring	3,494	—	—		3,494
Amortization	2,539	—	700	(o)	3,239
Total operating expenses	219,612	18,024	(2,699)		234,937
Income from operations	51,542	8,259	(2,773)		57,028
Interest income	67	—	—		67
Interest expense	(5,818)	(2,726)	2,726	(e)	(8,047)
			(1,843)	(q)	
			(117)	(h)	
			(269)	(r)	
Other income (expense), net	(462)	(1,504)	—		(1,966)
Income before provision for income taxes	45,329	4,029	(2,276)		47,082
Income tax provision	14,857	80	(888)	(t)	14,049
Net income	$ 30,472	$ 3,949	$ (1,388)		$ 33,033
Earnings per share					
Basic	$ 0.68				$ 0.74
Diluted	$ 0.67				$ 0.73
Common shares and equivalents outstanding					
Basic weighted average shares	44,684,812				44,684,812
Diluted weighted average shares	45,421,140				45,421,140
Dividends per share	$ 0.48				$ 0.48
Other comprehensive income					
Foreign currency translation adjustment	53	—	—		53
Unrealized gain on derivative instruments, net of tax	535	—	(143)	(r)	392
Total comprehensive income	588	—	(143)		445
Comprehensive income	$ 31,060	$ 3,949	$ (1,531)		$ 33,478

(1) See Note 3. Pro forma adjustments for explanation of adjustments.

The accompanying notes are an integral part of the unaudited pro forma condensed combined financial statements.

Note 1. Basis of presentation

The unaudited pro forma condensed combined balance sheet as of September 30, 2014 was prepared as if the acquisition of MicroEdge had occurred on September 30, 2014. The unaudited pro forma condensed combined statements of comprehensive income for the nine months ended September 30, 2014 and for the year ended December 31, 2013 were prepared as if the acquisition had occurred on January 1, 2013.

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). Under the acquisition method, the total estimated purchase price, or consideration transferred, is measured at the acquisition closing date. The assets and liabilities have been measured based on various preliminary estimates using assumptions that the Company's management believes are reasonable utilizing information currently available. Use of different estimates and judgments could yield different results.

For purposes of measuring the estimated fair value of the assets acquired and liabilities assumed as reflected in the unaudited pro forma condensed combined financial statements, the Company has applied the accounting guidance for fair value measurements in accordance with U.S. GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Market participants are assumed to be buyers and sellers in the principal or most advantageous market for the asset or liability.

The process for estimating the fair values of identifiable intangible assets and certain tangible assets requires the use of significant estimates and assumptions, including estimating future cash flows and developing appropriate discount rates. The preliminary estimates and assumptions used to determine the preliminary purchase price allocation are subject to change during the measurement period, which is the time after the acquisition during which the acquirer obtains the information needed to identify and measure the consideration transferred, the assets acquired and the liabilities assumed, not to exceed one year from the acquisition date. Accordingly, the initial purchase price allocation in the unaudited condensed pro forma combined financial statements is preliminary and will be adjusted upon completion of the final valuation. Any such measurement period adjustments could be material.

Note 2. Preliminary purchase price allocation

The preliminary purchase price allocation is based upon a preliminary valuation of assets. Differences between the preliminary and final valuation could have a material impact on the accompanying unaudited pro forma condensed combined financial information and Blackbaud's future results of operations and financial position. The purchase price for MicroEdge was $160 million, subject to certain adjustments set forth in the purchase agreement, and was funded by cash on hand and borrowings of $140 million under the Company's existing credit facility. The estimated goodwill recognized is attributable primarily to the opportunities for expected synergies from combining operations and the assembled workforce of MicroEdge. The preliminary purchase price allocation is as follows (in thousands):

Tangible assets acquired (liabilities assumed):		
Net working capital, excluding deferred revenue	$	9,721
Property and equipment		1,320
Other long-term assets		356
Deferred tax liability		(5,551)
Deferred revenue		(11,400)
Other long-term liabilities		(348)
Total tangible assets (liabilities), net		(5,902)
Finite-lived intangible assets:		
Non-competition agreements		700
Trade names		2,600
Proprietary technology		25,400
Customer relationships		57,100
Total finite-lived intangible assets		85,800
Indefinite-lived intangible assets:		
Trade names		1,600
Total identifiable intangible assets		87,400
Goodwill		78,502
Net assets acquired	$	160,000

The acquired finite-lived intangible assets will be amortized over their estimated useful lives as follows:

	Basis of amortization	Amortization period (in years)	Weighted average amortization period (in years)
Customer relationships	Accelerated	9-13	11
Trade names	Straight-line	3-6	6
Proprietary technology	Straight-line	4-8	6
Non-compete agreements	Straight-line	3	3

The following table outlines the estimated future amortization expense associated with the acquired finite-lived intangible assets for each of the next five years:

Year ended December 31,		Amortization expense (in thousands)
2014 - remaining	$	1,867
2015		8,376
2016		11,979
2017		14,229
2018		12,429
Total	$	48,880

Note 3. Pro forma adjustments

Adjustments have been made to this unaudited pro forma condensed combined financial information to reflect the following:

(a) To reflect the cash consideration paid for the outstanding equity interests of MicroEdge and the debt incurred to fund the acquisition as described in Note 2. The $160 million acquisition was paid with $140 million in debt incurred to finance the acquisition and $20 million in cash on hand;

(b) To record sales commissions in order to conform the accounting policy of MicroEdge to that of Blackbaud which is to defer sales commission costs when customer contracts are executed and subsequently recognize amounts deferred to expense as the related contract revenue is recognized. Also to record the impact of deferring sales commissions on retained earnings;

(c) To record estimated deferred taxes assets and liabilities based on the initial allocation of the purchase price to the assets acquired and liabilities assumed;

(d) To eliminate the historical goodwill and intangible assets of MicroEdge;

(e) To eliminate historical debt and deferred debt issuance costs of MicroEdge since the Company did not acquire the outstanding debt of MicroEdge. Also to eliminate the related historical debt-related interest expense of MicroEdge;

(f) To record the preliminary estimate of the fair value of goodwill as set forth in Note 2;

(g) To record the preliminary estimate of the fair value of identifiable intangible assets resulting from the acquisition as set forth in Note 2;

(h) To record deferred debt issuance costs and debt discount arising from the debt incurred to fund the acquisition and the cash outlay related to these amounts. Also to record the associated amortization of deferred debt issuance costs and accretion of debt discount;

(i) To record accruals for transaction costs incurred in conjunction with Blackbaud's acquisition of MicroEdge that were not included in the historical financial statements. Also to record the impact on retained earnings of transaction costs. Resulting tax benefits related to these charges (deferred tax assets) have not been reflected as the Company is still evaluating the deductibility of various transaction expenses;

(j) To eliminate the historical deferred rent liability of MicroEdge under the acquisition method of accounting. The reduction to rent expense is immaterial to the unaudited pro forma financial statements;

(k) To eliminate related party transactions from the historical financial statements of MicroEdge which include management fee related accruals and expenses associated with previous owners;

(l) To adjust deferred revenue to its preliminary estimate of fair value;

(m) To eliminate the historical stockholders' equity of MicroEdge;

(n) To eliminate historical intangible asset amortization expense of MicroEdge;

(o) To record amortization expense on the identified intangible assets based on preliminary estimated fair values;

(p) To eliminate transaction costs incurred in connection with the acquisition of MicroEdge that were included in the historical financial statements;

(q) To record interest expense associated with the $140 million in debt incurred to finance the acquisition which is assumed to be outstanding for the nine months ended September 30, 2014 and the year ended December 31, 2013 in the respective unaudited pro forma condensed combined statements of comprehensive income. Interest expense is based on the weighted average interest rate for the periods. A change in the interest rate of 1/8th of one percent would result in changes of $118,000 and $161,000 in interest expense for the nine months ended September 30, 2014 and for the year ended December 31, 2013, respectively;

(r) To record interest expense associated with the interest rate swaps entered into to reduce the risk of interest rate variability on debt incurred to fund the acquisition. Also, to record the unrealized loss associated with the interest rate swaps;

(s) To record a liability for state income taxes and a corresponding indemnification asset; and

(t) To record the tax effect of pro forma adjustments at the estimated statutory tax rate of 39%.