
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 27, 2010

BLACKBAUD, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

000-50600

(Commission File Number)

11-2617163

(IRS Employer ID Number)

2000 Daniel Island Drive, Charleston, South Carolina

(Address of principal executive offices)

29492

(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On April 27, 2010, Blackbaud, Inc. issued a press release reporting unaudited financial results for the quarter ended March 31, 2010. A copy of this press release is attached hereto as Exhibit 99.1.

The information in this Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated April 27, 2010 reporting unaudited financial results for the quarter ended March 31, 2010.

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: April 27, 2010

/s/ TIMOTHY V. WILLIAMS

**Timothy V. Williams,
Senior Vice President and Chief Financial Officer**

Blackbaud, Inc. Announces First Quarter 2010 Results
Announces Second Quarter 2010 Dividend

CHARLESTON, S.C. – April 27, 2010 – Blackbaud, Inc. (Nasdaq: BLKB), the leading provider of software and related services designed specifically for nonprofit organizations, today announced financial results for its first quarter ended March 31, 2010.

“We are pleased with the company’s financial results for the first quarter which were toward the upper-end of our guidance,” said Marc Chardon, Chief Executive Officer of Blackbaud. “We are encouraged by a few initial signs of stabilization in the small and mid-sized organization segments of our market; although, the macro environment facing nonprofit organizations remains challenging. We continue to focus on our key growth initiatives, including online fundraising where Blackbaud is strengthening its already leading position in the market.”

Chardon added, “Blackbaud is highly differentiated in the market place based on our significant customer base numbering over 22,000 non-profit organizations, broad suite of applications, nearly 30 year history focused on the nonprofit sector and our ability to meet customer demands for multiple deployment and purchase options. Our subscription-based solutions continue to represent the fastest growing segment of revenue and we expect that trend to continue based on our planned introduction of additional SaaS and subscription-based solutions over the next 12 to 24 months. We are confident that our product roadmap will enable Blackbaud to continue gaining market share as the spending environment improves.”

Blackbaud reported total revenue of \$76.2 million for the quarter ended March 31, 2010, an increase compared to \$74.7 million for the first quarter of 2009. Income from operations and net income were \$9.7 million and \$6.0 million, respectively, compared with \$7.8 million and \$4.1 million, respectively, for the first quarter of 2009. Diluted earnings per share were \$0.13 for the quarter ended March 31, 2010, compared with \$0.09 in the same period last year.

Non-GAAP income from operations, which excludes stock-based compensation expense and amortization of intangibles arising from business combinations, was \$14.5 million, representing a non-GAAP operating margin of 19%, compared with \$14.0 million and non-GAAP operating margin of 18% in the same period last year, respectively.

Non-GAAP net income was \$8.8 million for the quarter ended March 31, 2010, compared with \$8.2 million in the same period last year. Non-GAAP diluted earnings per share were \$0.20 for the quarter ended March 31, 2010, at the top of the Company’s guidance range and compared with \$0.19 in the same period last year.

A reconciliation of GAAP to non-GAAP results has been provided in the financial statement tables included in this press release. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

The Company ended the quarter with \$23.3 million in cash, up from \$22.8 million at the end of the previous quarter.

Timothy V. Williams, Chief Financial Officer of Blackbaud, stated, “Blackbaud continues to deliver strong profitability in the face of the ongoing macro economic challenges facing the nonprofit industry. In addition, we continue to see strong renewal rates of the maintenance contracts covering our industry-leading solutions and growing adoption of our subscription-based offerings, which are contributing to the strength and predictability of the company’s operating results.”

Second Quarter 2010 Dividend and Share Repurchase Program

Blackbaud announced today that its Board of Directors has declared a second quarter dividend of \$0.11 per share payable on June 15, 2010, to stockholders of record on May 28, 2010. Additionally, as of March 31, 2010, the Company had approximately \$30 million remaining under its common stock share repurchase program that was authorized over a year ago.

Conference Call Details

Blackbaud will host a conference call today, April 27, 2010, at 5:00 p.m. (Eastern Time) to discuss the Company's financial results, operations and related matters. To access this call, dial 888-505-4389 (domestic) or 719-325-2219 (international). A replay of this conference call will be available through May 4, 2010, at 888-203-1112 (domestic) or 719-457-0820 (international). The replay passcode is 4311755. A live webcast of this conference call will be available on the "Investor Relations" page of the Company's website at www.blackbaud.com/investorrelations, and a replay will be archived on the website as well.

About Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 22,000 organizations — including University of Arizona Foundation, American Red Cross, Cancer Research UK, The Taft School, Lincoln Center, In Touch Ministries, Tulsa Community Foundation, Ursinus College, Earthjustice, International Fund for Animal Welfare, and the WGBH Educational Foundation — use one or more Blackbaud products and services for fundraising, constituent relationship management, financial management, website management, direct marketing, education administration, ticketing, business intelligence, prospect research, consulting, and analytics. Since 1981, Blackbaud's sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Australia, Canada, the Netherlands, and the United Kingdom. For more information, visit www.blackbaud.com.

All Blackbaud product names appearing herein are trademarks or registered trademarks of Blackbaud, Inc.

Forward-looking Statements

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

Non-GAAP Financial Measures

Blackbaud has provided in this release financial information that has not been prepared in accordance with GAAP. This information includes non-GAAP income from operations and margin, non-GAAP net income and non-GAAP diluted earnings per share. Blackbaud uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating Blackbaud's ongoing operational performance. Blackbaud believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing its financial results with other companies in Blackbaud's industry, many of

which present similar non-GAAP financial measures to investors. As noted, the non-GAAP financial results discussed above exclude stock-based compensation expense and costs associated with amortization of intangibles arising from business combinations.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measure below. As previously mentioned, a reconciliation of our non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included below in this press release.

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SOURCE: Blackbaud, Inc.

Blackbaud, Inc.
Consolidated balance sheets
(Unaudited)

<u>(in thousands, except share amounts)</u>	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 23,281	\$ 22,769
Donor restricted cash	9,713	12,874
Accounts receivable, net of allowance of \$3,408 and \$3,559 at March 31, 2010 and December 31, 2009, respectively	48,851	50,220
Prepaid expenses and other current assets	15,785	18,155
Deferred tax asset, current portion	5,728	5,728
Total current assets	<u>103,358</u>	<u>109,746</u>
Property and equipment, net	21,722	22,507
Deferred tax asset	54,890	55,570
Goodwill	73,684	73,919
Intangible assets, net	40,385	42,019
Other assets	504	468
Total assets	<u>\$ 294,543</u>	<u>\$ 304,229</u>
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 7,033	\$ 10,683
Accrued expenses and other current liabilities	19,368	25,974
Donations payable	9,713	12,874
Debt, current portion	1,101	1,288
Deferred revenue	125,905	129,412
Total current liabilities	<u>163,120</u>	<u>180,231</u>
Deferred revenue, noncurrent	6,189	6,172
Other noncurrent liabilities	1,485	1,720
Total liabilities	<u>170,794</u>	<u>188,123</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; 20,000,000 shares authorized, none outstanding	—	—
Common stock, \$0.001 par value; 180,000,000 shares authorized, 52,458,297 and 52,214,606 shares issued at March 31, 2010 and December 31, 2009, respectively	52	52
Additional paid-in capital	141,525	134,726
Treasury stock, at cost; 7,674,521 and 7,677,341 shares at March 31, 2010 and December 31, 2009, respectively	(134,327)	(134,382)
Accumulated other comprehensive loss	(475)	(201)
Retained earnings	116,974	115,911
Total stockholders' equity	<u>123,749</u>	<u>116,106</u>
Total liabilities and stockholders' equity	<u>\$ 294,543</u>	<u>\$ 304,229</u>

Blackbaud, Inc.
Consolidated statements of operations
(Unaudited)

(in thousands, except share and per share amounts)	Three months ended March 31,	
	2010	2009
Revenue		
License fees	\$ 5,167	\$ 7,405
Services	20,089	21,129
Maintenance	30,597	28,011
Subscriptions	19,176	16,723
Other revenue	1,210	1,473
Total revenue	76,239	74,741
Cost of revenue		
Cost of license fees	617	903
Cost of services	15,916	16,209
Cost of maintenance	5,770	5,148
Cost of subscriptions	7,226	6,740
Cost of other revenue	1,117	1,278
Total cost of revenue	30,646	30,278
Gross profit	45,593	44,463
Operating expenses		
Sales and marketing	16,423	16,115
Research and development	10,909	11,461
General and administrative	8,397	8,939
Amortization	196	186
Total operating expenses	35,925	36,701
Income from operations	9,668	7,762
Interest income	20	62
Interest expense	(46)	(425)
Other income (expense), net	3	(161)
Income before provision for income taxes	9,645	7,238
Income tax provision	3,693	3,166
Net income	\$ 5,952	\$ 4,072
Earnings per share		
Basic	\$ 0.14	\$ 0.10
Diluted	\$ 0.13	\$ 0.09
Common shares and equivalents outstanding		
Basic weighted average shares	43,435,218	42,536,810
Diluted weighted average shares	44,226,074	43,043,777
Dividends per share	\$ 0.11	\$ 0.10

Blackbaud, Inc.
Consolidated statements of cash flows
(Unaudited)

<u>(in thousands)</u>	<u>Three months ended March 31,</u>	
	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Net income	\$ 5,952	\$ 4,072
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,819	3,826
Provision for doubtful accounts and sales returns	457	905
Stock-based compensation expense	3,152	3,220
Excess tax benefit on exercise of stock options	(1,014)	(65)
Deferred taxes	795	1,713
Other non-cash adjustments	(160)	35
Changes in assets and liabilities, net of acquisition of businesses:		
Accounts receivable	696	3,751
Prepaid expenses and other assets	3,274	326
Trade accounts payable	61	566
Accrued expenses and other current liabilities	(6,356)	(3,687)
Donor restricted cash	3,147	5,315
Donations payable	(3,147)	(5,315)
Deferred revenue	(3,348)	(2,237)
Net cash provided by operating activities	<u>7,328</u>	<u>12,425</u>
Cash flows from investing activities		
Purchase of property and equipment	(5,069)	(1,114)
Purchase of intangible assets	(130)	—
Net cash used in investing activities	<u>(5,199)</u>	<u>(1,114)</u>
Cash flows from financing activities		
Proceeds from exercise of stock options	2,654	51
Excess tax benefit on exercise of stock options	1,014	65
Payments on debt	(187)	(251)
Payments on capital lease obligations	(81)	(114)
Dividend payments to stockholders	(4,910)	(4,349)
Net cash used in financing activities	<u>(1,510)</u>	<u>(4,598)</u>
Effect of exchange rate on cash and cash equivalents	(107)	(47)
Net increase in cash and cash equivalents	512	6,666
Cash and cash equivalents, beginning of period	22,769	16,361
Cash and cash equivalents, end of period	<u>\$ 23,281</u>	<u>\$ 23,027</u>

Blackbaud, Inc.
Reconciliation of GAAP to Non-GAAP financial measures
(Unaudited)

<u>(in thousands, except per share amounts)</u>	<u>Three months ended March 31,</u>	
	<u>2010</u>	<u>2009</u>
GAAP revenue	\$ 76,239	\$ 74,741
Non-GAAP adjustments:		
Add back: Kintera deferred revenue writedown	—	1,207
Non-GAAP revenue	<u>\$ 76,239</u>	<u>\$ 75,948</u>
GAAP gross profit	\$ 45,593	\$ 44,463
Non-GAAP adjustments:		
Add back: Kintera deferred revenue writedown	—	1,207
Add back: Stock-based compensation expense (see table below)	705	653
Add back: Amortization of intangibles from business combinations (see table below)	1,506	1,578
Total Non-GAAP adjustments	<u>2,211</u>	<u>3,438</u>
Non-GAAP gross profit	<u>\$ 47,804</u>	<u>\$ 47,901</u>
Non-GAAP gross margin	<u>63%</u>	<u>63%</u>
GAAP income from operations	\$ 9,668	\$ 7,762
Non-GAAP adjustments:		
Add back: Kintera deferred revenue writedown	—	1,207
Add back: Stock-based compensation expense (see table below)	3,152	3,220
Add back: Amortization of intangibles from business combinations (see table below)	1,702	1,764
Total Non-GAAP adjustments	<u>4,854</u>	<u>6,191</u>
Non-GAAP income from operations	<u>\$ 14,522</u>	<u>\$ 13,953</u>
Non-GAAP operating margin	<u>19%</u>	<u>18%</u>
GAAP net income	\$ 5,952	\$ 4,072
Non-GAAP adjustments:		
Add back: Total Non-GAAP adjustments affecting income from operations	4,854	6,191
Add back: Tax impact related to Non-GAAP adjustments	(1,962)	(2,071)
Non-GAAP net income	<u>\$ 8,844</u>	<u>\$ 8,192</u>
Shares used in computing Non-GAAP diluted earnings per share	<u>44,226</u>	<u>43,044</u>
Non-GAAP diluted earnings per share	<u>\$ 0.20</u>	<u>\$ 0.19</u>
Detail of Non-GAAP adjustments:		
Stock-based compensation expense:		
Cost of revenue		
Cost of services	\$ 436	\$ 377
Cost of maintenance	177	157
Cost of subscriptions	92	119
Subtotal	<u>705</u>	<u>653</u>
Operating expenses		
Sales and marketing	361	340
Research and development	711	711
General and administrative	1,375	1,516
Subtotal	<u>2,447</u>	<u>2,567</u>
Total stock-based compensation expense	<u>\$ 3,152</u>	<u>\$ 3,220</u>
Amortization of intangibles from business combinations:		
Cost of revenue		
Cost of license fees	\$ 94	\$ 81
Cost of services	336	334
Cost of maintenance	297	325
Cost of subscriptions	760	819
Cost of other revenue	19	19
Subtotal	<u>1,506</u>	<u>1,578</u>
Operating expenses	<u>196</u>	<u>186</u>
Total amortization of intangibles from business combinations	<u>\$ 1,702</u>	<u>\$ 1,764</u>