



Edward Charles Institute
for Nonprofit Mergers and Acquisitions



The Edward Charles Institute

Building a Stronger Nonprofit Community

Our Mission

Mission: to build a stronger nonprofit community through preserving charitable programs

Goal: to save and sustain charitable programs by making mergers, acquisitions, collaborations and partnerships that ensure the programs will continue to benefit our community in even greater ways

Benefits of the Edward Charles Institute

- We strive to understand and grasp your organization's goals to create a result that preserves the organization's programs which provide assistance to our community
- We are discreet and thoughtful and look for introductions where the greater good will occur
- We build trust simultaneously between organizations to produce a harmonious result

Our Process

We meet with you to learn about your organization and its goals

After discussing your goals, you engage us for our services based on a nominal engagement fee to start the process

We search for a possible acquisition, partnership, and/or collaboration and identify potential candidates for your review and approval

We introduce candidates to you

An agreement is executed between you and the candidate, and we receive a commission for making the introduction

FAQ

- **If our organization were to engage your company, what are the estimated costs of acquiring another charity?**

It's difficult to estimate the costs without having both parties engage in due diligence and valuation, and every M&A has its own specifics that make it difficult to provide a general model. However, there are transaction fees, and they do include a fee to Edward Charles Institute. Any other transaction fees are born by the investigating party (eg., third party valuations, other attorneys, accountants, etc). But, one of the nice things working with our firms, absent a nominal engagement fee for acquiring charities, the fee is only paid on a deal being penned.

- **When an organization is acquired, does the organization expect to continue to have prerogatives in operating the organization?**

the marriage of two agencies can be a tricky proposition, and even in cases where there is complete assurance that ownership transfer includes complete relinquishment of authority for the acquired identity, it is still difficult to make any promises. However, as part of our process, we will introduce you and allow their Board and you to reveal any bias(es) towards ongoing management issues, as the relationship develops. This can be a very organic process.

- **Does Edward Charles Insitute expect any compensation of any kind if the acquisition is not consummated?**

There is an initial engagement fee that we do require in order to start the M&A process; sometimes, we waive this fee which ranges from \$3,500.00 to \$5,000.00 on a case by case basis. This includes all of the work that we do at ECI, including market and industry research, as well as coordination of introductions and meetings. If the end result does not include any kind of acquisitions, there are no additional fees. However, if an acquisition does take place, there is expectation of compensation, additional to the initial engagement fee, to ECI for making the introduction.

FAQ

- **Given that an acquisition or a merger does occur, what would be the expected amount of the compensation that Edward Charles Institute will receive?**

We base our fee on a percentage of the value of the acquired charity. Until we learn of any shift in valuation, we are currently looking at a charge of 2-10% as a transaction cost. We service a wide range of acquisitions, and our model is built on a sliding scale, to ensure that smaller deals do not incur overly burdensome costs. Primarily, we're developing our reputation as an intermediary who can bridge relationships and bring unique assets to acquiring parties, where they otherwise would not recognize an opportunity.

To give you some context for what we're capable of providing, we recently closed a deal where we considered the value of the charity to be strictly in terms of real property which had an excess of \$1,000,000 of equity; we placed no value on any other asset, not because there wasn't value; it was just simple. Our fee was in the area of \$30,000, a sum we felt was reasonable and both parties agreed to it. Keep in mind this fee was not agreed to in advance because the acquiring party had to look at financials before they would agree to anything. We understand and made all financials and information available.

That being said, another deal resulted in a fee of \$20,000, and this fee was based upon the fact that one of the parties was only receiving an "approved curriculum" and the true value of the curriculum (agreed in good faith by parties) was \$200,000, if the client had to hire a consultant from scratch to write this curriculum. Thus, we received 10% of the value.

The point to be taken is that there currently is no set model in terms of the structure of compensation. This is something to be negotiated in good faith. Our fees are commensurate with the value we are bringing to you in some economic sense that is in some way defensible based on reason and logic.

Board of Directors



Kent E. Seton, Esq.

CEO, Edward Charles Institute for Nonprofit Mergers and Acquisitions

Attorney at Law

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Kent E. Seton, Esq., an entrepreneur at heart, started his law career simultaneously with the launch of a separate online venture that quickly grew into one of the largest nationwide providers preparing the paperwork for creating 501(c)(3) organizations. At its height, this online company was forming over 200 501(c)(3) organizations per month. At the same time, Mr. Seton also steadily grew his law practice in the Beverly Hills and outlying areas and has become one of the foremost attorneys representing charities on tax, corporate governance and legal matters concerning fundraising. Not only does he regularly speak on legal topics, but, in the last several years he has also spearheaded a free quarterly event featuring the most advanced thinkers in the nonprofit sector for the benefit of sharing resources, information and networking for nonprofit leaders in the Los Angeles Area. Mr. Seton hosts these functions to give back to the nonprofit community. He not only believes in the concept of charity, but he sticks by his word of promise to give back. Throughout his career, Mr. Seton has refused to limit his representation to only the largest nonprofit organizations, even though there are several who call Seton & Associates their law firm. As such, Mr. Seton also represents many small organizations as well and is a dedicated and tireless lawyer educating them on the legalities of running a nonprofit organization. He also enjoys lecturing on subjects including “social entrepreneurship” and “hybrid” entities.

Several months ago, Mr. Seton launched a separate venture, which is a first of its kind investment bank for Mergers & Acquisitions (M & A) transactions in the nonprofit sector. It includes both a for-profit arm and a nonprofit arm; the nonprofit arm is intended to help dissolving charities and to engage in studies concerning the viability of M & A activity in the nonprofit sector.

Board of Directors



Kevin Grigorenko

CTO - Chief Technology Officer

Edward Charles Institute for Nonprofit Mergers and Acquisitions

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Kevin Grigorenko is a software engineer on the IBM SWAT team, providing worldwide, on-site problem determination for critical customer problems. This includes working in high impact and high pressure environments in many of the top Fortune 500 companies, governments, as well as small and medium sized companies. Kevin holds a B.S. in Computer Science and two patents in the area of the semantic web. He is an expert in software development, including Java Enterprise Edition, C, C++, Perl, PHP, Python, Ruby, .NET, and Scala. He can pick up a new business environment very quickly and, in turn, help customers achieve their goals. He has previously worked for Microsoft and currently lives in San Diego, CA.

Mergers & Acquisitions

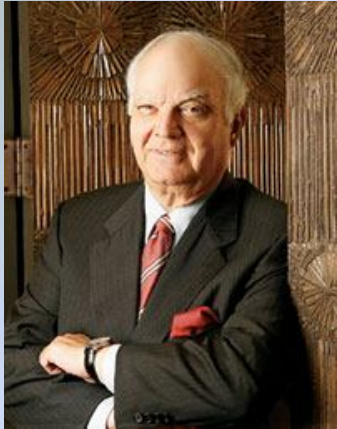


David Y. Bao
Research Analyst
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David Bao joined Edward Charles Institute as the Mergers & Acquisitions Research Analyst in May 2010. He graduated from University of California, Berkeley in 2009 with a B.A. in Economics and an emphasis on Accounting. David is also the Co-founder and CEO of a college preparatory and consulting firm based in Southern California.

A well-rounded education and proficient technical knowledge has allowed him to address critical issues, incorporating insight from multiple facets of business and finance, in order to generate strategic and innovative solutions in his lines of service. He has “high level” analytical skills, is smart and thought provoking.

Our Board of Advisors



Carl Terzian

Board of Advisors

Carl graduated magna cum laude, Phi Beta Kappa, Phi Kappa Phi, senator-at-large and student body president from the University of Southern California in 1957. He was called one of the ten "Most Outstanding" student leaders in America and one of our nation's "Most Inspirational and Powerful" public speakers. In the years following his USC education, Carl Terzian served as an international goodwill ambassador for President Eisenhower and Secretary of State John Foster Dulles; director of public and church relations for the Lutheran Hospital Society of Southern California; civic affairs consultant to the California savings and loan industry; and dean and professor of government and speech at Woodbury University.

Carl put aside potential careers in higher education, the Lutheran ministry, and public service to form Carl Terzian Associates, which has assisted more than 4,500 causes, companies, individuals and organizations. Carl Terzian Associates derives virtually all of its clients by referral; doubled its business in 2001; is one of the largest PR firms in America in the number of non-profits served; orchestrates more than 800 networking events yearly; places and mentors nearly 500 corporate and philanthropic board members annually; and heavily tithes its talent and profits for community interests.

Carl has been recognized for civic, philanthropic and professional leadership by Congress, Her Majesty the Queen of England, California Assembly and Senate, City and County of Los Angeles, USC, Boy Scouts, California Junior Chamber of Commerce, Los Angeles Business Council, Arthritis Foundation, United Way, California Lutheran University, Theta Chi Fraternity, Woodbury University, Eisner Pediatric & Family Medical Center, Break the Cycle, Center for Healthy Aging, Dubnoff Center, Jerusalem's Shaare Zedek Medical Center, and the Freedoms Foundation at Valley Forge.

Our Board of Advisors



Baruch Littman

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Board of Advisors

Baruch is the Vice President of Development of the Jewish Community Foundation. With more than 30 years of development and marketing experience, Littman aims to increase the assets of The Jewish Community Foundation. Baruch networks very broadly in the real estate and corporate transactional spaces on behalf of The Foundation. In addition to his position as Chair of the California Capital Summit, he is currently a member and/or active in the following groups: ACG-LA; Business Forums International (Member, Century City); LAVA; Mastermind Group; Professional Women's Group (Founder); ProVisors (Group Leader, SM4; Host, MM1; Member, CC4; Member, Entertainment Affinity Group; Founder, Real Estate Affinity Group). The Real Estate Cabinet (REC) of the Jewish Federation; The Moriah Society (real estate focused) of the American Jewish University. In the Web 2.0 space, he can be accessed on LinkedIn and CTA.

Prior to joining The Foundation, he served as executive director of The California-Israel Chamber of Commerce. His career includes senior positions at The Jewish Federation of Los Angeles and the American Nurses Association, as well as senior marketing and management positions at both Fortune 100 and 500 corporations. Baruch earned his bachelors degree from Long Island University and his masters degree in business administration from The City University of New York.

Baruch has been married for more than 28 years to his wonderful wife Deborah, has three kids ranging in ages from 22 to 25, and serves on the board of directors of his synagogue, Young Israel of Century City.

Our Board of Advisors



Jonathan Jaffrey
Board of Advisors

Jonathan Jaffrey formerly COO of William Keck Foundation is the CEO and founding partner of Springbanc Social Capital Advisors. Prior to Springbanc, Mr. Jaffrey spent 12 years as chief operating officer, chief financial officer, and member of the investment committee for the W. M. Keck Foundation, a \$1.4 billion private foundation focused on science and engineering research, medical research, liberal arts, and community programs in Southern California. In addition to his duties at the W. M. Keck Foundation, Mr. Jaffrey was president of a multigenerational family office serving the needs of a Los Angeles-based Forbes 400 family.

His experience spans nearly two decades, hundreds of millions of dollars in charitable giving, and a wide range of industries, each of which has imparted invaluable business acumen. Dedicated to making a meaningful difference, Mr. Jaffrey serves on the boards of several local philanthropic organizations, including the Greater Los Angeles Zoo Association, USC Hillel, Kidspace Museum and the Pasadena Independent Schools Foundation. He is also an active member of the Young Presidents' Organization.

Mr. Jaffrey earned his master's degree in business administration from the University of Southern California, and his bachelor's degree from the University of Arizona.

Our Board of Advisors



Jaison Morgan
Board of Advisors

Jaison G. Morgan is Managing Principal of The Common Pool, an agency committed to philanthropic advisory services and innovative program development for operating charities. His background includes both public and private sector experience, including senior management positions in the Mayor's Office, City of Chicago, and training on Capitol Hill while with the U.S. House Commerce Committee. After leaving public service, he joined a venture with a group of principal partners to develop the first nationwide program offering wage-based tax-credit syndications on behalf of tax-exempt employers. He started his philanthropic career with the X PRIZE Foundation, where he led the Prize Development Department, managing teams to design philanthropic rewards of \$10 million or more for breakthrough accomplishments in life sciences, space and sea exploration, clean energy and sustainability, education reform and global development. He has lectured and published widely on innovation through incentivized systems in philanthropy, including a regular speaking series at the Massachusetts Institute of Technology and presentations during the World Economic Forum. In 2009, he returned from an extended client engagement in the United Arab Emirates, where he was responsible for developing a series of prizes and challenges to assist in the building of Masdar, a \$30 billion commitment to deliver the first zero-carbon City in the world. He is an Adviser to the White House, Office of Science and Technology Policy, and the Office of the First Minister of Scotland, where he counsels their efforts to expand the use of prizes and incentive systems to serve common causes and induce public benefits.

Mr. Morgan has worked with many charities and philanthropic partners, including The Gates Foundation, Google, The Gordon & Betty Moore Foundation, LiveStrong, the Robert Wood Johnson Foundation, The Wellpointe Foundation and others, as well as high-net worth individual philanthropists. Mr. Morgan completed his graduate studies at the University of Chicago and publishes regularly on the subjects of innovation and best practices in philanthropy.

Some of our Clients and Testimonials

"What you are doing is so valuable for the industry."- Carl Terzian

- Haven House
- Woodcraft Rangers
- Leeza Gibbons Memory Foundation
- Jewish Family Services of Los Angeles
- Rock the Classroom
- Blue Seals
- Jewish Vocational Services

Let us help you achieve your goals

Edward Charles Institute for Nonprofit Mergers and Acquisitions is committed to providing first rate customer service to our clients.

Please contact us at (310) 557-0804 or Kent@edwardcharlesinstitute.com for general inquiries or requests that require a personal response.

