

History of Edward Charles Institute

The Edward Charles Institute for Nonprofit Mergers and Acquisitions (“ECI”) was borne out of a vision of its founder, Kent E. Seton.

In the late 90’s, Mr. Seton had created an online platform that helped founders of charities nationwide in preparing the paperwork for the arduous IRS 1023 form, also known as the 501(c)(3) application. At the time, the model created by Mr. Seton was unique in that there were no other companies nationwide who were preparing this complex form in such a manner.

Using his legal training and knowledge of permutations, after several years, Mr. Seton “mastered” the form. By 2004, Mr. Seton was preparing the paperwork, through the Center for Nonprofit Creation, for over one hundred charities on a monthly basis. By 2006, the number grew to 150, and by 2007, over 200 applications per month. In late 2007, although Mr. Seton had profited from this high volume business, he also realized it was missing something integral: many of the charities he assisted, although tax exempt, were still without the tools and education necessary to be successful. Many were floundering and some had not even commenced their programs. He realized then, and has committed himself now, to a different model of counsel- one of education and coaching, helping founders and their fledgling organizations reach their dreams. He is no longer in the volume business for philosophical reasons, and, his firm forms no more than ten charities in any given month. As such, he has created meaningful and substantive relationships with all of his clients. As part of this paradigm shift in perspective - more is not necessarily better - Mr. Seton saw an opportunity to implement his earlier vision of mergers and acquisitions of charitable organizations by creating a unique investment bank. Over fourteen months ago, this bank was established. It completed two deals in 2009, the deals valued at several million of dollars, combined. In 2010, the bank has one deal pending, and several more on the horizon, worth many millions of dollars.

The Model

The investment bank is intended to be a boutique company specializing in quality deals and representing quality clients. The bank will only deal with agencies that have significant revenues and assets (yearly revenues above 20 million dollars). In addition, the bank must feel comfortable with the financial acumen of the upper management of the acquiring charity. It will represent charities in those sectors in which it truly believes that consolidation is important. The sectors in which ECI works and represents major charities include: child education, adoption, employment, conservation and elderly care. While it is open to other sectors, it will not represent an agency that is competitive with a current client. Once engaged, the bank conducts its own research of the charity’s sector. Upon analysis of the sector, it uses such research as well as client interviews to determine the best criteria for targets and begins to identify and propose potential targets to the client. The client will then engage in its own financial and overall analysis to determine whether it would like to initiate a conversation with such potential targets. The bank will assist in discreet communication. The goal is to provide a variety of targets and operate over a sustained period of time to produce the ideal candidate.

Leadership

ECI is primarily operated by Mr. Seton, however, he has several consultants in industry-specific sectors that serve as consultants, including a board of advisors, which includes some prominent men in the nonprofit world: Jonathan Jaffrey, former COO of the Keck Foundation, Baruch Littman, Board Member of several prominent nonprofit organizations and VP of the Jewish Community Foundation, and Carl Terzian, Icon and Board Member of Universities, former Goodwill Ambassador of US, to name a few.

References

Cathie Mostovoy, CEO and President of Woodcraft Rangers, 213-249-9293

Ron Cohen, CEO and President of United Cerebral Palsy, 818-782-2211

Leeza Gibbons, Chairman of the Board of Leeza Gibbons Memory Foundation, leezagibbons@gmail.com