

CONFIDENTIAL

Combination

Worksheet

Worksheet is tool for:

- due diligence
- management review, planning, and negotiation
- Board materials preparation
- contract preparation

NOTE: This document reflects the assumption that Client will be the continuing entity in the transaction.

BIG PICTURE

Basic proposal	Who is the other party?	
	What is their mission, and what are their core services/programs?	
	What's the core business case or investment hypothesis for the transaction (i.e. the elevator pitch)?	
	What's the current status of the discussions?	

PARTNER

General information	What geographic regions do they serve?	
	Have we worked with them before? If so, how did it go?	
	What's their motivation for merging with us?	
	Are there any reputational risks from merging with them?	
	Are we impressed by the potential partner? Would we be proud and/or excited to combine with them?	
	Does it seem like there will be a good fit between our cultures and management styles?	
	Is there a good relationship between our ED and the partner's ED?	
	Does the partner have distinct resources in terms of human capital and [_____] programming?	
	What is the partner's approach to [_____]?	
	What are the partner's staffing model (e.g., are they employees or independent contractors) and compensation model? Are they compatible with ours?	
	How does the partner compensate senior management? Is this compatible with our method?	
	Does the partner have a proven track record with significant funders? Are there any overlaps with our funders that could be problematic?	

What are the partner's annual revenues? Are they financially stable?	
Does the partner have grants or pledges with restrictions that concern us in terms of mission, feasibility etc.?	
Is the partner associated in any way with any of our directors, major funders or executives? Are there any conflicts of interest we should be aware of?	

BUSINESS CASE

Programming	Will this transaction help us deepen our existing immersive partnerships?	
	Will this transaction help us to deliver programs or services we can't or don't today?	
	Will this transaction help us to enter into new geographic areas?	
	Will this transaction help us reach a broader range of students?	
	Will this transaction help us to engage with schools, community partners, or [_____] we can't or don't today?	
	Are any schools to be served through the transaction already working with us? How will this transaction affect these relationships?	
Profile	Would this transaction help us forge a leadership role in education nationally?	
	Would this transaction increase our profile in San Francisco and the Bay Area/Northern California in general?	
	Will this transaction position us to be a key participant in any consolidation of the Bay Area education sector?'	

	Will a combined organization be more competitive for funding, contracts, or other resources than the pre-transaction organizations are now?	
	How will current funders, collaborators and immersive partners react to hearing about the transaction?	

Economics	Will this transaction offer the opportunity to work with or attract new funding sources?	
	Will any increases in revenue from the transaction be sufficient to support the transition costs and infrastructure build we need for the new, larger organization?	
	How will the transaction affect our revenue composition or public charity computations?	
	Will we taking on from the partner any debt or other material liabilities?	
	What will be the impact of the transaction on our fixed costs?	
	Are reduced total administrative costs a realistic benefit to achieve through a transaction?	
	Does the financial model appear sustainable over time?	
	What transition costs will we face?	

Opportunity cost	Do we work with any similar organizations? Would it make more sense to combine with someone else?	
	Will the transaction limit us from merging or partnering with other organizations (that may or may not be competitors of the partner)? Will this foreclose us from other opportunities?	
	Will this transaction overly distract us from our own programs and initiatives?	

INTEGRATION

Operating model	Will the transaction require meaningful changes to our own operating model?	
	What will be the compensation and hiring (e.g., employees vs. independent contractors) model?	
	What will be our approach to [____]?	
	In what ways are the philosophies, cultures, and styles of the two organizations similar and different?	

Branding	Will we want or need to change the name of the organization?	
	Will the organizations and/or their programs be separately branded following the transaction, or will they be absorbed into a single brand?	
	Are we going to have to develop a new brand? How much with that cost?	

Board	How will we determine Board composition immediately after the transaction?	
	Are there current Board members who will be reluctant to serve on the new Board?	
	Who will be the Board chair?	

	Which individuals, or types of people, will the combined organization need on its Board?	
	In what ways will the combined organization be better positioned to attract Board members?	
	Are there individuals who should be recruited to the new Board immediately following the transaction?	
	Are the partner's Board members expected to make personal financial contributions? If so, how much, and is it different from what we expect?	

Staffing	Who will be the chief executive?	
	Will all the staff of both organizations be needed in the new organization?	
	What's our sense of the new organizational and reporting structure?	
	Will new positions be necessary, such as Deputy Director or Development director?	
	What specific costs will there be (e.g. severance pay or bringing health and other benefits into line)?	
	Will we need to make changes in our personnel policies, employee handbook etc.?	
	Will the combined organization be able to attract strong management team members?	

	Will the combined organization be well positioned to attract strong candidates for Executive Director when that is necessary?	
Infrastructure	Will the transaction require changes in our accounting systems?	
	Will we keep the same auditor?	
	Will the transaction require changes in our human resources systems?	
	Will the transaction require changes in our computers, networks, and other systems?	
	Will this transaction require any increase or other changes in our liability or other insurance?	
	Will the transaction require us to make any other changes in our risk management practices?	
	Do we have enough space in our current office for an influx of new staff? Are we prepared to upgrade if necessary?	

EXECUTION

Timing and contingencies	What is the timeline of the transaction? Are there key events or deadlines that will drive our timing?	
	Under what circumstances do we want to be able to walk away from the transaction? What's the worst-case scenario here?	
	What if the partner breaches its obligations? Do we retain the right to walk away?	
	How significant are the reputational risks if the transaction doesn't work out?	
	Do we need a backup plan in case this transaction doesn't go through?	
Communications	When do we tell our staff?	
	What's the core messaging to the staff about the transaction?	
	What's the core external messaging about the transaction?	
	Do we imagine a big launch event?	
	Do we imagine having new branding, website, etc. in place before we announce? Is that feasible?	

External approvals and notices	Do we need to get the approval of any of our funders, lenders, landlords, or other third parties?	
	Do we need to put special funding in place to cover the transition costs?	
	Even if we don't need approval from any third parties, do we need to notify them?	
	Does the partner have planned gift arrangements we need to address and steward?	
	Do we need to report the transaction to the IRS?	
	What do we need for our auditor in connection with reflecting the transaction in our financials?	
Internal approvals	What information does the Board need before it approves?	
	When do we want to go to the Board?	
Documents	Is there a confidentiality agreement in place with the other party?	
	What are the necessary documents to get the deal done?	

External support	Will we hire a consultant to advise and help facilitate the transaction? How much will that cost?	
	Do we have legal counsel lined up to help with corporate and employment law aspects of the transaction?	
	When do we need to involve our accountant?	
	Do we need to hire public relations support?	
	Do we need to report the transaction to the IRS?	
	What do we need for our auditor in connection with reflecting the transaction in our financials?	
Internal support	Who is the internal leader of the project?	
	What internal staff and other resources do we need to execute the transaction? Do we need to hire new staff? Do we need to change anybody's job description?	
	Are we committing employees who do not have the necessary bandwidth? Do we need to take anything off anybody's plate?	

BIG PICTURE

Key decisions	Does the deal further our strategic goals?	
	Is the deal executable given our resources and other commitments?	
	What is the impact of the deal on our financial condition and prospects?	
	What is the impact of the deal on our relationship with our key constituents?	
	What issues do we absolutely want settled before we commit?	
Stepping back	What most excites us about this transaction?	
	What are our biggest worries about this transaction?	
	Does this transaction feel right?	