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It's

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OR
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SEAN JAMES

Hey Founder!

If you're contemplating launching a new business, it's wise to discuss all of your legal and financial obligations with a trusted advisor like an attorney and accountant. Doing so will help ensure you've covered all your bases, are operating your company legally and sets your new business up for success.

To help you get a grasp on some of the things you might need to consider, I've created a helpful guide and checklist to get you headed in the right direction. This is not meant to be legal advice, but hopefully, it will give you some initial insight to prepare you for your journey into entrepreneurship.

Sean





New Business Checklist

- ✓ Formulate your business idea and niche
- ✓ Perform market research and conduct a feasibility study
- ✓ Estimate your startup and ongoing operational costs
- ✓ Create a business plan
- ✓ Build a team of trusted advisors for key professional services
- ✓ Select a business name
- ✓ Register a domain name for your website address
- ✓ Talk to your tax advisor about your tax treatment options
- ✓ Select a business entity type
- ✓ Create your organizational documents (bylaws and agreements)
- ✓ Select a registered agent
- ✓ Register your new business entity with your state government
- ✓ Register a DBA if your business will be operating under multiple names
- ✓ Foreign qualify if you'll be operating in multiple states
- ✓ Obtain an Employer Identification Number (EIN)
- ✓ Open a business and account

- ✓ Arrange financing to cover startup costs and initial operating expenses
- ✓ Locate office, manufacturing, or retail space
- ✓ Review zoning requirements, building codes, and ordinances
- ✓ Obtain business licenses and permits
- ✓ Register for sales tax
- ✓ Register for payroll taxes
- ✓ Protect your intellectual properties and trademarks
- ✓ Source suppliers and distributors for key goods and services
- ✓ Create a logo and brand guide
- ✓ Create a website
- ✓ Create profiles for social media, Google My Business, and Bing Local
- ✓ Review traditional marketing opportunities and advertising
- ✓ Obtain business insurance
- ✓ Evaluate staffing needs and hire your team



Building Your Team of Trusted Advisors

Every startup needs a team of trusted advisors. The importance of receiving professional advice and assistance should not be underestimated.

Many entrepreneurs will hesitate to spend money on professional services only to realize this decision costs them more in the long run. The investment in using skilled professionals will be insignificant when compared to the gain you'll achieve by putting your time into launching your business and generating revenue. There's no substitute for partnering with the right professionals to keep your new business operating within necessary financial and legal parameters.

As you launch your new business, remember to build a team of trusted advisors who can help you get started and keep you operating at an optimal rate.

Here's what you'll need:

- ✔ **Accountant** - Bookkeeping, tax planning, cash flow optimization
- ✔ **Attorney** - Operating agreements, contracts, NDAs, and other reements
- ✔ **Bank** - Loans, credit lines, and billing services
- ✔ **Information Technologist** - Set up and manage hardware and software
- ✔ **Insurance Agent** - Evaluation and management of business insurance
- ✔ **Marketing Consultant** - Strategy, design, and implement of marketing initiatives

Identifying a business attorney, a good accountant, and a solid bank to support your business is a good first step in assembling a team of advisors who can handle specialized matters. You can't make yourself an expert in everything or you won't have time to run your business.

Think of us as an integral part of your team!

In addition to our traditional services, we can also serve as your advisor for startup tasks like business name searches, business formation, operating agreements and corporate bylaws, EIN creation, business permits and licenses, sales tax registration, payroll taxes, trademark protection, and ongoing compliance management.

In the next few sections, we'll further explore the ways we can help get your new business started.

Selecting a Business Name

Once you have decided to start a new business, you will need to select a name. Before you invest too much in a great new name, conduct a search to make sure it's not already in use. This can avoid future conflict between another business and your own.

We can help you validate your preferred business name, and we can even reserve the name to verify whether the name you want is available.

If you are forming a corporation or limited liability company, your legal entity may be the same name as the business name. If it is a different name, or if you are a sole proprietor and using a fictitious name for your business (that is, a name other than your own), you will need to register a Doing Business As (DBA) name with the state or county where you intend to operate.

As your trusted formation advisor, we can also help prepare and file your DBA application.

Now is also a good time to obtain a domain (URL for your web site) with your new business name (or something close that customers can use to find you). This task may be harder than you might expect, so we suggest you review domain names while finalizing your business name. This way you'll be able to verify you can utilize your brand in a cohesive manner.

You should also take steps to protect your name, including possibly filing for trademark protection.



Select a Business Entity Type

Once you have decided on a name, you should determine the best form of legal entity for your business. There are many choices, including forming a C or S corporation, forming a partnership or limited liability company, or operating as a sole proprietorship. Your choice of business structure will have an impact on these and other aspects of running your company:

- ✔ Who qualifies to own your company
- ✔ Whether you can transfer ownership of your company
- ✔ Taxes your company is subject to
- ✔ Your ability to get credit and funding
- ✔ Your personal liability
- ✔ The number of ongoing compliance requirements you need to satisfy



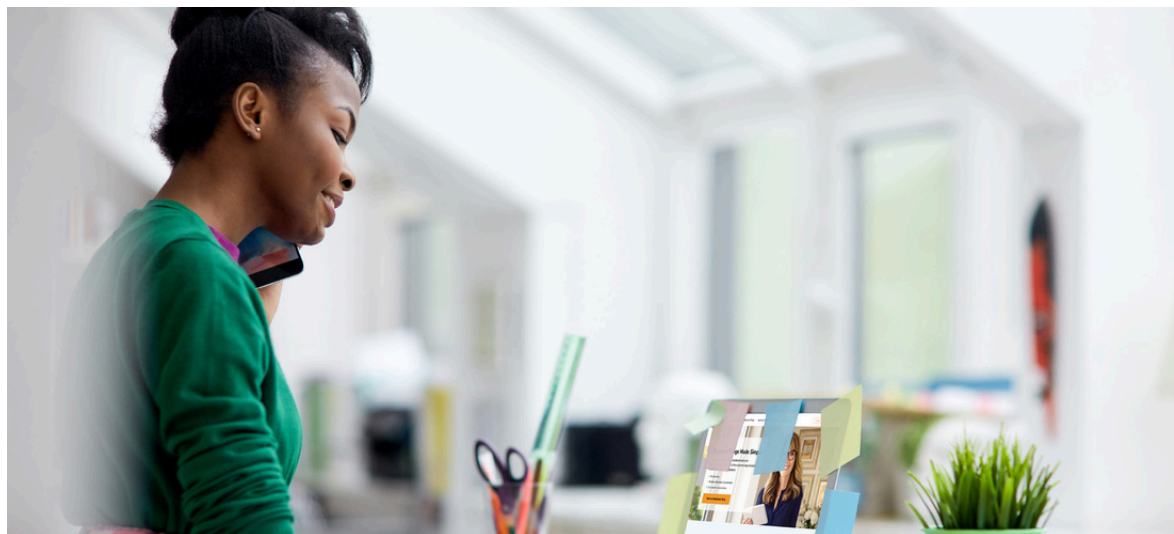
Some of the factors that will influence which business entity type you select include:

- ✓ Where you plan to conduct your business
- ✓ Wanting to have limited personal liability for your business activities
- ✓ Whether you will have a partner or an investor
- ✓ Your expected earnings and deductions
- ✓ Desire to minimize your self-employment tax obligation
- ✓ Your business goals
- ✓ Your tolerance for compliance formalities
- ✓ Registration and administrative costs to set up and maintain a business structure

The business structure you choose for your business will affect your income tax obligations, legal responsibilities and liability, and the degree of complexity involved in operating your business.

It's an incredibly important decision that deserves thought, research, and help from legal and accounting professionals who can offer expertise and guidance.

Here's a brief overview of the most common business entity types to consider for your new business.





Sole Proprietorship

In starting a new business, your state will consider a single-owner (or married couple-owned) business a sole proprietorship by default unless the owner files paperwork to register the business as a formal legal entity (e.g., limited liability company or corporation).

Operating as a sole proprietorship offers simplicity. There's no business registration paperwork and no entity-specific ongoing compliance requirements to maintain status as a sole proprietor. Because the business and the owner are considered the same legal and financial entity, income tax obligations flow through to the owner and are reported on the owner's personal income tax returns.

A disadvantage of being a sole proprietor is that there is no legal separation between the business and the owner. Therefore, if the business is sued or if it runs into financial hardship (e.g., can't pay its loans or falls behind on bills), the owner's personal assets are at risk.

Partnership

When two or more people launch a business together, they are considered a general partnership unless they register their company as a legal entity.

As with a sole proprietorship, there is no legal separation between a partnership and its owners. Therefore, the business's assets and its financial and legal liabilities are those of its owners. If someone brings suit against the company or the business cannot pay its debts, the owners are personally held responsible legally and financially.

LLC

A limited liability company (LLC) may be a single-member LLC (when there's only one owner) or a multi-member LLC (when there are two or more members).

The Limited Liability Company business structure allows business owners to enjoy personal liability protection and tax flexibility without a lot of complex formation and compliance strings attached. An LLC is considered a legal entity separate from its owner(s).

By default, an LLC receives pass-through tax treatment like a sole proprietorship or partnership, with the LLC's income and expenses reported on its owner's (or owners') individual tax returns. LLCs can, however, opt to be taxed as an S corporation.

C Corporation

Growth-focused entrepreneurs will want to consider a C corporation. The C corporation is a more complicated legal structure with more registration paperwork and ongoing compliance filings.

The advantage of this entity type is that it offers the highest degree of personal liability protection for the business owners (known as shareholders) and enables a business to sell stock to raise capital for funding its initiatives. Issuance of stock (held privately or publicly) in the company determines the ownership of the business.

The IRS treats a C corporation as a taxpayer in its own right. Income and expenses are tied to the business entity's tax ID, not to the individual owners' tax returns.

S Corporation

An S corporation status is a special election an LLC or C Corp can request with the IRS. For an LLC, S corporation election means its owners will only have to pay self-employment taxes on their wages and salaries from the business. Any income paid to them as dividends will not be subject to social security and Medicare taxes.

For a C corporation, having S corporation tax treatment eliminates the "double taxation" that normally occurs with a corporation. Usually, a C corporation pays income tax on its profits at the corporate level, and then those profits are taxed again at the individual (shareholder) level when dividends are paid. With an S corporation election, the corporate entity doesn't pay corporate taxes. Instead, profits flow through to the individual shareholders' tax returns and are taxed at the tax rates for individuals.

Professional Corporation

Individuals who provide a professional service can also benefit from forming a professional corporation. Where a business provides a professional service, most states have special filing requirements when incorporating.

Professional services typically include:

- ✔ Physicians or Doctors
- ✔ Psychologists
- ✔ Attorneys or Law Firms
- ✔ Accounting Professionals or CPAs
- ✔ Architects and Engineering Firms
- ✔ And other Licensed Professionals

The tax advantages for a professional corporation are the same as the advantages afforded to a C corporation or S corporation. In fact, a professional corporation may elect S corporation status where appropriate.

Nonprofit Corporation

A nonprofit is an entity type that is created for charitable, educational, or other purposes such as religious, literary, scientific, or public safety. A nonprofit operates tax-free and any surplus cannot benefit the owners directly.

Nonprofit registration will require additional paperwork and compliance considerations, so it is advisable to consult with your team of trusted advisors to see if this entity type would be right for you.

Which Option is Right for You?

This is where your team of trusted advisors become invaluable! We can help talk through your business objectives, long-term goals, and discuss available options.

Once you determine the best option for your business, we can help register the business and make sure the business stays compliant.



Select a Registered Agent and Register Your Business

Registered Agents

If your new business will be an LLC or C corporation, it must designate a registered agent in the state(s) where it is registered.

A registered agent must have a physical location within the state where the appointing business is registered to operate. The person or company serving as a registered agent must be available from 8 a.m. to 5 p.m. on Monday through Friday to receive documents and notices.

The types of documents registered agents accept for the businesses include:

- ✔ Correspondence from the federal and state government
- ✔ Tax notices from the IRS and other tax authorities
- ✔ Summonses and complaints associated with lawsuits
- ✔ Subpoenas for information
- ✔ Corporate filing notifications

Register Your Business With the State

Your registered agent will formally establish your LLC or corporation as a legal business entity with the state. As you go through that process, you will discover that various documents and filings need to be submitted to the state to form a LLC or corporation. Articles of incorporation and articles of organization are among them.

Articles of incorporation (sometimes called a certificate of incorporation) is a form that states require to set up a C corporation. When a company's articles of incorporation are approved, the business becomes a separate legal entity. The information requested on articles of incorporation varies from state to state. We've listed some of the possible details below:

- ✓ Corporation's name
- ✓ Address of the corporation's principal office
- ✓ Name and address of the corporation's registered agent
- ✓ Business purpose
- ✓ Whether the corporation is organized on a stock or non-stock basis
- ✓ If stock basis: the initial classes of stock, number of authorized shares, and par values of shares
- ✓ Name and address of each incorporator
- ✓ Name and address of each member of the initial board of directors
- ✓ Effective date requested
- ✓ Duration of the corporation
- ✓ Additional provisions



Articles of organization (sometimes referred to as certificate of organization) is the document that states require to legally form a limited liability company.

The details requested on articles of organization vary by state. Here's a general list of what they might include:

- ✓ LLC Name
- ✓ Statement of Purpose
- ✓ Physical address of the LLC's principal place of business
- ✓ Mailing address
- ✓ LLC's management structure (i.e., member-managed or manager-managed)
- ✓ Registered agent's name and address
- ✓ LLC's organizers' names (and managers if applicable)
- ✓ Effective date requested
- ✓ Duration of the LLC

Learning about those documents might make you feel a little overwhelmed, but don't worry, you have support from your extended team to help ensure you form your new business legally and with the right paperwork.

We can create customized articles of incorporation and articles of organization for you. Once done, we can process all the paperwork with the state to formalize your new business entity.





Employer Identification Number (EIN)

Having an Employer Identification Number helps separate you from your business. If you don't have one, you will use your social security number on any business licenses, permits, and tax forms.

Obtaining an EIN is optional if you're a sole proprietorship, but if your business acts as a corporation, limited liability company, or a partnership, you are required by law to have one.

Without an official EIN, you can't get a business bank account and you can't file your business tax returns. The IRS also identifies the specific circumstances under which a business must have an EIN:

- ✔ The business has employees.
- ✔ The business operates as a partnership or corporation.
- ✔ The business has a Keogh plan (tax-deferred pension plan for small businesses and the self-employed).
- ✔ The business withholds taxes on income, other than wages, paid to a non-resident alien.
- ✔ The business is involved with one or more of the following: most types of trusts, farmers' cooperatives, estates, non-profit organizations, plan administrators, and real estate mortgage investment conduits.
- ✔ The business files certain types of tax returns, including Employment, Excise, or Alcohol, Tobacco and Firearms.

To file for an EIN, you'll need to prepare the following data points:

- ✓ The legal name of the business entity
- ✓ Name of the executor, administrator, trustee, or “care of” entity
- ✓ Mailing address
- ✓ Physical address
- ✓ Name of the responsible party and that person’s SSN, ITIN, or EIN
- ✓ Type of legal entity
- ✓ Reason for applying for an EIN
- ✓ Date the business was started or acquired
- ✓ Closing month of the business’s accounting year
- ✓ Maximum number of employees expected within the next year
- ✓ Principal activity of the company and primary line of products sold, work done, or services provided
- ✓ Third Party Designee (if applicable)

The best time to apply for your EIN is as soon as you legally form your new business entity with the state.

We help with this task while registering your new business.



Business Licenses and Permits

Another important step in your new business checklist is to determine if you need any business licenses and permits to operate legally. The requirements for this will depend on the industry and the type of products and services offered. It's critical to find out if any state or local (county and municipality) licensing and permitting must be fulfilled to legally operate your business.

Without the proper permits and licenses, business owners might face fines, legal penalties, seizure of assets, or even mandatory closure of the business.

Obtaining licenses and permits isn't difficult once the requirements are known. Unfortunately, it's sometimes tricky to navigate government websites to determine what information is relevant to a business. State and local government websites aren't always immensely user-friendly.

Alternatively, we offer a business license and permit compliance package where we identify the license, permit, and tax registrations a business will need.

Depending on the type of business you operate and the laws of your jurisdiction, these can include, among others, a general business operation license, zoning and land use permits, sales tax license, health department permits, and occupational or professional licenses.

But don't let all that scare you! This is why you have trusted advisors to help you get launched and keep you in compliance.



Sales and Use Tax

Registering for sales and use tax is a requirement for both for-profit businesses and nonprofit organizations. Local governments will provide penalties for companies that fail to comply with the proper collection, reporting, and payment of sales and use tax.

In areas where sales and use tax apply, a seller must obtain a Sales Tax ID Number (or Seller's Permit). This is done via an application to the Department of Revenue after a business has registered their business and obtained an EIN number.

Sales Tax

Sales tax is a tax on the sale, transfer, or exchange of product or service that is taxable. Sales tax is often referred to as a retail tax because it is generally added to the sales price of the product or service and collected at the time of purchase. Sales tax is a consumer based tax that is transactional.

Sales tax is imposed by most states and about 11,000 local jurisdictions that include counties, municipalities, and other local governmental bodies. Forty-five states and the District of Columbia collect some form of sales taxes. The five states that do not collect sales tax include Alaska, Delaware, Montana, New Hampshire, and Oregon.

Sellers (businesses) are required to calculate and collect sales tax at the time of purchase. This sales tax must then be held until the seller can file a return and remit it to the proper tax authorities. This is typically done on a monthly basis. While the process of collecting sales tax, reporting, and remitting sales tax to local governments is inconvenient for businesses, it's a crime for failing to do so properly. Businesses that fail to remit the proper sales tax may face criminal charges in addition to financial penalties and interest charges.

Use Tax

Use tax is a tax on the storage, use, or consumption of a taxable product or service on which no sales tax has been paid. This is generally made when the purchase is made outside the taxing jurisdiction. Use tax is broken down into two groups, which include consumer use tax and seller use tax. To make things a bit complicated, seller use tax is also referred to as retailer use tax, vendor use tax, or merchant use tax.

Sales and use tax is another area where we can help get your business off to a great start. We'll explain what your state or local government requires and we'll file all the proper paperwork for you.



Payroll Taxes

If you are a new business that is planning on hiring employees, you will need to register for payroll taxes. Payroll taxes are a legal requirement for hiring and paying employees in the United States.

All small businesses must track and report all payroll taxes to avoid government audits and fines.

Payroll taxes are incurred at the state and federal level. Employers must register for the appropriate tax accounts in order to hire employees, process payroll, and file returns.

State Unemployment Insurance Tax (SUI)

If you are planning to hire or have already hired employees, you are required to pay State Unemployment Insurance taxes (SUI) on their wages.

The SUI program offers short-term unemployment benefits to eligible workers who are unemployed because they have lost or left their jobs. Some of the reasons for leaving the job include being laid off, being fired for reasons other than misconduct, or leaving due to health or personal problems.

SUI eligibility and benefits are determined by the individual state's laws. Employer taxes associated with SUI rates vary by state. They can also be scaled based on the number of unemployment claims associated with a business. Stated in other words, the more claims you file, the higher your tax rate becomes.

State Income Tax (SIT)

State Income Tax (SIT) is a required tax applied to an employee's wages. Small business owners are responsible for deducting SIT from an employee's gross wages and submitting this tax to the state's tax agency.

All states require State Income Tax withholdings except for Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

Payroll Tax Registration

While the process of registering for payroll taxes isn't overly difficult, knowing what to register for can be overwhelming to new small business owners. Different states have different requirements and processing policies.

We can help your business register for your state income tax account, which will save you time in researching state requirements, filing paperwork, and dealing with your state's administration office.





Intellectual Properties and Trademarks

Although registering an LLC or Corporation protects a company's business name in its state of formation, businesses in other states may use the same name, even if they provide similar products and services. While that might not cause an issue for a small local company that only has its sights set on serving its nearby communities, it can create a competitive problem for businesses that sell goods and services to customers in other states.

Trademark registration can be granted on distinctive names, logos and slogans. You might want to seek a trademark for a product name, company name, company logo, or tagline. For example, "Nike", the Nike swoosh design, and "Just Do It" are all trademarks owned

by Nike to distinguish their products from other athletic companies. But keep in mind that trademark protection only applies to a particular category of goods and services. Nike Inc. may own the mark on a variety of shoes, clothing, sporting goods, etc. But there's also a Nike Corporation in Sweden that's involved in heavy machinery, like hydraulic lifting jacks.

A federal trademark granted by the USPTO (U.S. Patent and Trademark Office) will help protect a business name in all 50 states. A registered trademark gives its owner exclusive rights to the business name (for the category of goods or services on record), making it easier for the company to bring a suit in federal court if someone else begins to use the name.

A trademark search using the USPTO's trademark search database (TESS) can help you identify trademark availability.

We can help make this process fast and easy. We can perform trademark searches, prepare applicable paperwork, and submit your federal trademark application.

Ongoing Compliance

Business owners must keep up with ongoing compliance formalities after forming an LLC or incorporation of a company.

For example, some states require LLCs and Corporations to file an Initial Statement of Information after registering their businesses. Many states also require that companies submit an ongoing report every one, two, or ten years.

Other possible responsibilities include submitting tax returns and paying taxes on time, holding LLC member or shareholder meetings and recording minutes, renewing licenses and permits, renewing registered agent services, and others.

Services Available for the Evolving Business

As your trusted partner and advisor, we can help you stay in compliance and process the filing services you need to keep your business running smoothly. Here are some examples of ongoing compliance services we offer:

- ✓ Registered agent services
- ✓ Initial reports
- ✓ Annual reports
- ✓ Annual meeting minutes
- ✓ DBAs
- ✓ Foreign qualification
- ✓ Apostilles
- ✓ Articles of amendment
- ✓ Articles of conversion
- ✓ Certificates of good standing
- ✓ Reinstatements
- ✓ Articles of dissolution





Business Monitoring and Alerts

We'll keep track of your business like it was our own. We'll make sure we are tracking important events and due dates to keep you in compliance. That frees up your time to focus on serving your customers and building your business.

Here's what we'll be watching for you:

- ✓ Critical filings and due dates
- ✓ Maintain important documents in an online portal
- ✓ Monitor business compliance requirements for multiple states or businesses
- ✓ Track the filing status for your important documents

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At the heart of Sean's philosophy lies an unwavering pursuit of excellence. His conviction is encapsulated in the belief that every endeavor must reflect an unwavering commitment to excellence. This principle is distilled in his guiding mantra: "if we are going to do anything worth doing, let it be done in excellence."

Sean Isaiah James lives out his purpose daily, striving to educate, empower, and propel individuals towards realizing their potential. Through his influence, he inspires others to recognize their significance, embrace their dreams, foster belief in their abilities, "dig deeper" and ultimately achieve greatness.

Sean is on a mission to empower and equip diverse founders ultimately enabling them to tell their unique story and leverage business as a conduit to bridge the wealth gap.



Sean James