

THE LIFT

Business Formation Checklist

Choose Your Business Name

- Search the proposed name of your business on the secretary of state website in the state in which you will incorporate your business.
- Search your state's trademark database, if they have one, to see if anyone else has used the name you want in your state.
- Search the United States Patent and Trademark Office website (tess2.uspto.gov) using the basic word search to name sure the name you want has not been registered by anyone else.
- If you will do business internationally, search the global trademark database at <https://ipportal.wipo.int/about>
- Do a google search and see if your desired name is being used by someone else in some way that would make it risky for you to use the name in anyway.

Prepare Your Organizational Documents to File Or Hire a Service or Hire a Lawyer

LLC FORMATION:

- Prepare form "articles of organization" and submit to your state's corporate secretary of state. Follow the instructions to complete the form, including making a copy for your records, and mail it in with the required filing fee. You'll get back a stamped and certified copy, once they've been accepted. You'll need this to open bank accounts.
- If required by your state, publish the notice of formation of your LLC in your local paper.
- If your state requires it, file a statement of information within 30 days.
- Request your Tax ID Number from the IRS EIN Application Online website. Your EIN is your Employer Identification Number, and you need it even if you are not hiring employees right away. This is the document you'll use to open your bank account, so get it stat.
- If you intend to be taxed as an S-Corporation (instead of as a Sole Proprietorship), file form 2553 within 75 days of date of incorporation. If you already incorporated as an LLC, and you didn't do this, you can file late, so long as you do it within 3 years, and have a good reason for filing late.
- Prepare your operating agreement! If you are doing it yourself, you can download an operating agreement from an online service, just make sure you read it and understand all of the words because this is the document that governs your business. If you are working with a partner or partners, you MUST and I do mean MUST have this customized by an attorney either working with all partners together on behalf of the business, or with individual attorneys representing each of your interests. I cannot emphasize the importance of this enough. If you have partners, and you do not have an operating agreement that governs your relationship, you are literally looking down the barrel of a loaded gun with two rounds in the chamber. Seriously. Just don't. You are wasting time, energy, attention and money in total blindness here. YOU MUST GET YOUR OPERATING AGREEMENT CUSTOMIZED WHEN WORKING WITH PARTNERS OR BRINGING ON PARTNERS.
- Prepare your First Meeting Minutes to record owner approval of the LLC formation and other formation activities, also known as the Action by Unanimous Written Consent, which we have provided to you in LIFT.
- Record Annual Meeting Minutes every year using the same, reporting on what happened for the year. It's a great way to keep track of your growth! Or better yet, schedule a call with your lawyer every year and have her do it for you. That's the best way to grow.

FOR AN S-CORPORATION:

Download the “articles of incorporation” from your secretary of state’s website, follow the instructions, send them in with the required filing fee. Remember to keep a copy!

Note: You will need to indicate how many shares you want the corporation to authorize. You want to find out if your state taxes corporations based on the number of shares authorized, before you decide how many shares to authorize. If you intend to issue shares to partners or investors in the future, talk to a lawyer before issuing your shares! Don’t make me yell at you about this please. You can leave your shares at par value, and you can change all of this in the future, if needed.

If required by the state, file your “statement of information” within 30 days of entity formation.

Request your Tax ID Number from the IRS EIN Application Online website. Your EIN is your Employer Identification Number, and you need it even if you are not hiring employees right away. This is the document you’ll use to open your bank account

File form 2553 within 75 days of date of incorporation so you get to be taxed as an S-Corporation and avoid the double taxation of a C-Corporation.

Create your Bylaws, even if you are the one and only shareholder of your corporation. And, yes you can be the treasurer, the secretary and the president of your corporation and the only shareholder and director. Look at you! And, of course, if you have other shareholders make sure you have your bylaws drafted by a lawyer, ideally one who is familiar with your industry and how you want to run your company. Form bylaws are lame. No, seriously, really, if you are going to have other shareholders, you must work with a lawyer. See above re what I said on the LLC front.

Prepare the first meeting minutes to record board approval of the incorporation (see the Action by Unanimous Written Consent provided in LIFT).

Prepare your annual meeting minutes every year to keep track of what happened each year. It’s kinda fun! Or better yet, schedule a call with your lawyer every year and have her do it for you. That’s even more fun.

Step Three: Get Your Bank Account Opened

Bring Your Articles of Organization or Articles of Incorporation to the bank

Bring Your EIN

Bring Your Driver's License

Get Your Bank Account Opened in the name of your business

Deposit your initial funding capital that you’ll use to pay for your initial business expenses

Document initial capital as an investment, if you can wait to be paid back until you sell the company or your shares, or as an investment + a loan, if you want to be paid back before you sell the company

Woohoo! You’re in business.

Step Four: Remember to Get Your Local and State Business Licenses

Check to see what business licenses are required by your local county or town

Determine if you need state business license, for example if you are a real estate agent, cosmetologist, therapist, you likely need a state license as well, so get that handled.