

PROACTIVE LEGAL CONSIDERATIONS

FOR SMALL BUSINESSES

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PRESENTED BY:



PRESENTER:

JoAnn Schmitz
Schmitz Law Firm, LLC



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Funded in part through a cooperative agreement with the U.S. Small Business Administration

About the facilitator...

JoAnn Schmitz, Esq. Schmitz Law Firm, LLC

JoAnn Schmitz, Esq., tapped her entrepreneurial spirit and founded Schmitz Law Firm, LLC in 2002. She has a wide range of experience representing entities, individuals and non-profit corporations in lawsuits and transactional matters involving business formation, ownership agreements, leases, contracting, licensing of intellectual property, copyright and trade mark filings, business divorce, real estate disputes and other civil matters. She was previously elected to the Peak Venture Group and Colorado Springs Children's Chorale board of directors and is currently serving on the SBDC Advisory and the Colorado Institute for Social Impact Boards. She earned her JD from the University of Denver College of Law in the evenings while consulting as a strategic advisor with Digital, Compaq and HP computer companies during the day in decisions involving product management and marketing, end of life planning, operations, strategic planning, technology merger and executive speech writing.



Recently, JoAnn has begun investigating the intricacies of corporate formation in the context of social impact, reviewing Colorado and Delaware's Public Benefit Corporation Acts and particularly studying the Chan Zuckerberg formation decision to incorporate as a limited liability company versus a 501(c)(3) non-profit for their \$36B contribution to advance social initiatives. JoAnn has also been tapped to lead the Ben S. Wendelken Inn of Court Inner Temple pupilage.

In her spare time, JoAnn enjoys her family, music, playing and accompanying on the piano, mandolin, violin and ukulele, throwing parties, reading and studying art. She is currently serving as an Elder and children's choir accompanist at her local church.

JoAnn is an attorney duly admitted since May 14, 2002 to practice before the courts of the State of Colorado, along with the United States Bankruptcy Court, the United States District Court for the District of Colorado, and the Supreme Court of the United States.

To register for assistance: www.pikespeaksbdc.org/consulting

PROACTIVE LEGAL CONSIDERATIONS
for small businesses

THE PIKES PEAK SMALL BUSINESS DEVELOPMENT CENTER HAS BEEN DEDICATED TO HELPING EXISTING AND NEW BUSINESSES GROW AND PROSPER FOR MORE THAN 30 YEARS.

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PROACTIVE LEGAL ACTIONS FOR SMALL BUSINESS

JoAnn Schmitz, Esq.

Pikes Peak Small Business Development Center

DISCLAIMER

The purpose of this presentation is for education only and is not intended to be legal advice. It should not be interpreted as legal advice specific to you and or your business. If you have legal questions, you should consult your legal advisor for advice specific to the facts of your question.

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PURPOSE OF TODAY'S PRESENTATION



This presentation is focused on actions you may want to consider taking to:

- (1) protect yourself from **PERSONAL LIABILITY EXPOSURE** emanating from your business activities; and
- (2) actions you may want to take as a business owner to **MAXIMIZE THE VALUE** of your business and **REDUCE LIABILITY RISK** to the entity.

AGENDA



- Insights
- Care and Keeping of You
- Your Corporate Book
 - Formation, ownership, meeting minutes, financial info and tax filings, external reports, IP, contracts, employees, certifications and awards
- Additional ways to maximizing revenue
- Questions?

INSIGHT



- Sad story number 1 – SW Engineer
- Sad story number 2 – 35+ Years
- Sad story number 3 – YOU?

INTRODUCTION The Care and Keeping of You



- What is the purpose for forming an entity?
- Does it make a difference which entity type you would select for your business?
- When to form your business or formalize a partnership?
 - Have met several times
 - Product and service development ownership
 - Contracts
 - Happy phase
 - Before raising money

INTRODUCTION

The Care and Keeping of You



- A word about Colorado partnership law
- “The association of two or more persons to carry on as co-owners a business for profit forms a partnership whether or not the persons intend to form a partnership.”
- When property becomes partnership property
- Partnership liable for partner’s actionable conduct
- Partner’s liability – jointly and severally
- CRS 7-64-202, 204, 305 and 306

INTRODUCTION

The Care and Keeping of You



- How do you maintain the liability transfer?
 - Corporate formalities
 - Separate bank account
 - No comingling of funds
 - Maintain fiduciary duties
- Impact of personal actions
 - Action outside the scope of business
 - Maybe statutorily specific

INTRODUCTION

The Care and Keeping of You



- Be wary of personal guaranties requiring you to be responsible for business debt
 - Lease
 - Business loans
 - Franchise agreements

MAXIMIZING BUSINESS VALUE

Your Corporate Book



CORPORATE BOOK CHAPTERS

1. Formation documents, amendments, annual reports
2. Ownership records and agreements
3. BOD/Manager annual & interim meeting minutes
4. Year end financials and tax filings
5. Licensing
6. External reports, Statutorily required reports
7. Intellectual property documentation
8. Contracts
9. Employee agreements
10. Business Insurance
11. Certifications
12. Awards

MAXIMIZING BUSINESS VALUE

Chapter 1 – Formation Docs, Amendments & Annual Report



Formalize your business

- Register your entity with the Colorado Secretary of State's Office (COSOS)
 - Articles of Organization or Incorporation
- Finish Operating Agreement or Bylaws
- Draft and file with COSOS and internally any Amendments if appropriate
- File COSOS Annual Reports

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Chapter 1 – Formation Docs, Amendments & Annual Report



Formalize your business - 2

- Operating Agreement
 - Sweat equity – the amount of cash and a description of the agreed to value of other property or services to be contributed
 - When additional contributions may be required
 - When distributions are made
 - Who can bind the company
 - Spending limits without further authorization
 - Events of dissolution
 - Electronic meeting participation

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Chapter 1 – Formation Docs, Amendments & Annual Report



Formalize your business

- Apply for Employer Identification Number (EIN)
- Apply for any business specific required licensing and sales tax
- Complete S-corp filing with IRS
- Conduct annual meetings
- Trade name filings (dba)
- Foreign jurisdictions

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Chapter 1 – Formation Docs, Amendments & Annual Report



Legitimize your business - Professionals

- Bookkeeper
- CPA and tax preparer
- Attorney – business and employment law
- Capital advisor
- Mentor(s)
- May want to establish an advisory board

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MAXIMIZING BUSINESS VALUE Chapter 2 – Ownership Docs



Document and track entity's ownership

- Current list of full name and last known address of each owner and manager
- For corporations – stock ledger
 - Track dates of any transfer of ownership interest
 - Identify any stock sale limitations on the actual shares (ex. S-corp limitations, social impact profit diversion)
- For LLCs – per capita or membership units
 - Track dates of any transfer of ownership interest
 - Identify any ownership limitations on unit certificate (ex. social impact profit diversion)

Be sure to faithfully update records when ownership changes.

Check for any statutorily required record keeping.

MAXIMIZING BUSINESS VALUE Chapter 2 – Ownership Docs



Shareholder/Member Agreements - 1

- Sale of ownership upon triggering event
- Termination of employment, death, disability, retirement, divorce, seizure by creditors, bankruptcy, 3rd party offer to purchase, change of control, dispute between owners, S-corp share transfer to ineligible holder, initial public offering (IPO), merger, acquisition

MAXIMIZING BUSINESS VALUE Chapter 2 – Ownership Docs



Shareholder/Member Agreements - 2

- Address Voluntary Triggering Event through
 - A right of first refusal
 - A right of second refusal
 - A right of first offer
 - Co-sale or tag-along rights (3rd party sale)
 - Drag-along rights (3rd party sale with specific ownership percentage)

MAXIMIZING BUSINESS VALUE Chapter 2 – Ownership Docs



Shareholder/Member Agreements - 3

- Address disputes between owners
- The 50/50 deadlock issue
 - Shotgun – buyout of opposite party
 - Texas shoot out – sealed bid, umpire decides most favorable bid
 - Dutch auction – higher of minimum bids
 - Informal discussions, mediation, arbitration and litigation

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Chapter 2 – Ownership Docs



Shareholder/Member Agreements - 4

- Decide valuation method in advance
 - Annual revaluation
 - Book value
 - Multiple of revenues, earnings or EBITDA
 - Advice of particular valuation expert
 - Minority or lack of liquidity discounts
- Payment terms

MAXIMIZING BUSINESS VALUE

Chapter 2 – Ownership Docs



Shareholder/Member Agreements - 5

- Shareholder/Member Agreements are worth every penny when negotiated between founders upfront during the happy stage
- Extremely difficult and costly if terms are not negotiated in advance
- LEAVES MORE VALUE to distribute versus paying professionals to sort it out

MAXIMIZING BUSINESS VALUE

Chapter 3 – Meeting Minutes



BOD/Managers/Member Manager Annual & Regular Meeting Minutes - 1

- Draft and file regularly in Corporate Book
- Memorialize management's decisions
 - Bank account authorization, entity name, trade name, contract or real property decisions, delegation of authority, managers and their roles, distributions of profits/losses, capital contributions, admission of new and withdrawal of existing members, approval of salaries, indemnification considerations, loans to insiders, tax considerations
- Should cover all major management and policy decisions
- Imperative when mood or memory may change between managers and or owners

MAXIMIZING BUSINESS VALUE

Chapter 3 – Meeting Minutes



BOD/Manages/Member Manager Annual & Regular Meeting Minutes - 2

Minutes should include:

- Date, time place
- Who was present, who called
- Whether decision needed member or manager vote
- Approval of previous meeting minutes
- Election of managers/directors and period elected for
- Document any resolutions that were approved
- Signed and dated by secretary

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Chapter 4 – Financial and Tax Info



File annual and complete financial statements

- Profit and Loss
- Income statement
- Balance Sheet

File annual state and federal tax returns

- Consult CPA on length of time to keep tax returns and supporting records/receipts

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Chapter 5 – Licensing



Copies of any licenses obtained

- State and Local Sales Tax License
- Restaurant and Liquor License

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Chapter 6 – External Reports



File any external reports

- Benefit corporation reports
- Social impact reporting
- Green reporting

MAXIMIZING BUSINESS VALUE

Chapter 7 – Intellectual Property



Non-Disclosure Agreements (NDA) - 1

- Used anytime you are discussing corporate business with a person or entity external to the business
 - Potential partners or owners
 - Merger or acquisition
 - Investors (VCs will probably not sign)
 - Joint programs
 - Vendors

**NO NEED TO SHARE ALL INFORMATION,
CURB YOUR ENTHUSIASM!**

MAXIMIZING BUSINESS VALUE

Chapter 7 – Intellectual Property



Non-Disclosure Agreements (NDA) - 2

- Keep a file of all NDAs
 - Topic of discussion
 - Any slides that were presented
 - Date, time and location of discussion
 - Who was present
 - Signatures from all attendees
- One-way versus mutual NDAs

MAXIMIZING BUSINESS VALUE

Chapter 7 – Intellectual Property



Trade Secrets – EXTREMELY VALUABLE! - 1

- Protect the company's private, not publically known information
- Inventions, product plans, technical specifications, strategies, costs, prices, names, finances, marketing plans, business opportunities, personnel, research and development information, KNOW-HOW, customer lists, tangible or intangible
- Derives INDEPENDENT ECONOMICAL VALUE, ACTUAL OR POTENTIAL
- INEXPENSIVE TO DO, LASTS AS LONG AS IT IS KEPT A SECRET – Think Coca Cola Recipe

MAXIMIZING BUSINESS VALUE

Chapter 7 – Intellectual Property



Trade Secrets – EXTREMELY VALUABLE! - 2

- Protection mechanisms
 - Identify all trade secrets
 - Mark ALL documents containing trade secrets CONFIDENTIAL
 - Educate staff on the difference between CONFIDENTIAL and non-confidential
 - Never post trade secrets in a public domain
 - Implement guidelines to keep them secret
 - Have staff sign off that they read and will adhere to guidelines
 - Include a confidentiality provision in every Independent Contractor and or Consultant Agreement requiring them and any of their employees to keep trade secrets confidential
 - Use NDAs
 - DO NOT SHARE UNLESS ABSOLUTELY NECESSARY
 - LIMIT STAFF ACCESS WHERE POSSIBLE

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Chapter 7 – Intellectual Property



Copyrights – Inexpensive Insurance - 1

- Duration – generally author's life + 70 years
- Prevents others from copying, preparing derivative works, distributing, performing or publically displaying your works
- An (1) original (2) work of art that is (3) fixed in a tangible medium (4) of expression
- Protection for text, audio and visual content, articles, literary, pictorial, graphic works, and but not limited to websites
- Does not protect an idea, procedure or discovery
- Ex. © 2018 Schmitz Law Firm, LLC

MAXIMIZING BUSINESS VALUE Chapter 7 – Intellectual Property



Copyrights – Additional tips – 2

- Be careful to maintain entity's ownership
- Generally, it is owned by the authors who created the work, and those deriving rights through the authors
- Owned until made publically available, ownership rights are transferred via assignment or licensing or duration of copyright expires

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MAXIMIZING BUSINESS VALUE Chapter 7 – Intellectual Property



Copyrights – Ownership Matters - 3

- Works Made for Hire
 - Authored by an employee and owned by employer if prepared within the scope of employee's employment
 - Should be articulated in contracts with outside advertising agencies, graphic designers, independent contractors and consultants
 - Can also include a copyright assignment in case there is any dispute over ownership

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MAXIMIZING BUSINESS VALUE Chapter 7 – Intellectual Property



Copyrights – Ownership Matters - 4

- Joint Ownership
 - Prepared by two or more authors with the intention that the contributions be merged into inseparable or interdependent parts of a unitary whole at the time the respective contributions were made
 - Rats nest of co-owners, can independently transfer their ownership rights w/o others consent, etc.

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MAXIMIZING BUSINESS VALUE Chapter 7 – Intellectual Property



Copyrights – Valuable Statutory Damages - 5

- Register with US Copyright Office
- Registration form fairly simple to complete
- Costs \$55-65 per registration
- Registration provides statutory damages in the case of infringement

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Trade or Service Marks - 1

- Used to distinguish your goods or services from another's
- A word, name, symbol, device or any combination used by a merchant to identify its goods and services from those manufactured by others
- Generally mark names associated with products, programs or services

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Trade or Service Marks - 2

- Prior to any state or federal application, use the common law trademark symbol of TM for products and SM for service products
- Also use the common descriptive name of the product after the mark. Ex. Band-Aid® brand adhesive bandages (showing federally registered trade mark symbol for Band-Aid®)
- Never use as verb, possessive, noun or plural forms. Ex. Xerox this.
- Use or loose -> escalator, kerosene, shredded wheat, aspirin

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Trade or Service Marks - 3

- Creating a strong mark
 - Fanciful – Exxon or Xerox
 - Arbitrary – Ivory soap, PBS Nova
 - Suggestive – some quality or ingredient
 - Descriptive – intended purpose, requires a secondary meaning
 - Generic – not trade markable

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Trade or Service Marks - 4

- Generally more expensive than trade secret and copyright protections
- File federal mark with USPTO
- Need interstate commerce for federal mark
- Need to conduct a search confirming availability of mark, including USPTO TESS
- Federal registration requires identification of classes specific to the goods and or services

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Trade or Service Marks - 5

- Duration – 10 years of continued protection with affidavit of use filed between the 5th and 6th years of registration
- OK to file with state registration for notice of first use purposes
- Can assign or license trade mark's use

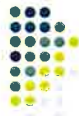
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Trade Names

- Trade names are alternate names for your entity that you may use
- Register with the state the entity is located in so that the entity can be identified
- Generally known as a “dba”

MAXIMIZING BUSINESS VALUE Chapter 7 – Intellectual Property



Patents

- Strongest level of protection for some products
- Expensive, national and international levels
- Definitely talk with a patent attorney if you believe some part of your product or service is patentable
- The entity will need to be prepared to defend the patent if infringed upon

MAXIMIZING BUSINESS VALUE Chapter 8 - Contracts



Some of the many, many types of contracts

- Vendor and supplier contracts
- Customer agreements
- Employee agreements
- Real Property leases
- Shareholder/Member agreements
- Operating agreement and bylaws
- Independent contractor agreements
 - Don't forget IP protection
- Purchase orders/agreements
- Joint Venture Agreements (remember partnership law discussed earlier?)
- Website terms of use

MAXIMIZING BUSINESS VALUE

Chapter 8 - Contracts



Contract basics – 8

It is imperative to have as many of your entity's agreements committed to writing as possible to maximize corporate value.

- Its good to get paid, consider milestone payments
- To know what the entity is committed to and when for product delivery
- To know what price the entity is purchasing materials at, etc.

Memorialize in writing before memory and mood fade and misinterpretation arises.

MAXIMIZING BUSINESS VALUE

Chapter 8 - Contracts



Contract basics – 3

- Know who you are contracting with
- Confirm the terms of the contract
- Consistency in basic contractual terms
- Develop the entity's own set of standard terms and conditions that can be leveraged across multiple contracts
- Consistency in dispute resolution

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Chapter 8 – Contracts - Boilerplate



- | | |
|---|---|
| 1. Parties | 14. Dispute Resolution |
| 2. Subject of the Agreement | 15. Choice of law and jurisdiction |
| 3. Definitions | 16. Survival of certain provisions |
| 4. Term | 17. Breach and right of cure |
| 5. Compensation or Consideration | 18. Lawyer's fees and costs |
| 6. Relationship of the parties | 19. Notices |
| 7. Termination; the effect of termination | 20. Entire agreement; manner of amendment |
| 8. Confidentiality | 21. Severability |
| 9. Intellectual property | 22. Waiver |
| 10. Title and risk of loss | 23. Force majeure |
| 11. Limitations on liability | 24. Further assurances |
| 12. Limitations on warranty | 25. Authority |
| 13. Indemnification | 26. Counterparts |

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Chapter 8 – Contracts - Standard Terms and Conditions of Sale



- | | |
|---|---|
| 1. PRICES | 11. LIMITATION OF LIABILITY |
| 2. TERMS OF PAYMENT | 12. SUBSTITUTIONS AND MODIFICATIONS |
| 3. DELIVERY AND TITLE | 13. PROPRIETARY RIGHTS |
| 4. SHIPMENTS | 14. NOTICES |
| 5. ACCEPTANCE | 15. IMPORT AND EXPORT REQUIREMENTS |
| 6. DEFAULT, CANCELLATION and RESCHEDULING | 16. APPLICABLE LAW, JURY WAIVER, JURISDICTION AND LIMITATION OF ACTIONS |
| 7. SECURITY INTEREST | 17. ATTORNEY'S FEES/COSTS |
| 8. LIMITED WARRANTY, Returns policies | 18. ASSIGNMENT |
| 9. EXPRESS WARRANTY | 19. US GOVERNMENT CONTRACTS CONFIDENTIALITY |
| 10. INDEMNITY | 20. ERRORS AND VALIDITY OF AGREEMENT |
| a) Customer Indemnity | 21. ENTIRE AGREEMENT |
| b) Company Indemnity | |

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Chapter 8 – Contracts – Member or Shareholder Agreements



1. Cancellation of previous agreement
2. Restrictions against transfer
3. Permitted transfers
4. Voluntary sales
5. Purchase of shares upon termination of employment
6. Involuntary transfer
7. Sales of shares upon permanent disability
8. Sale of shares upon death
9. Determination of agreement price
10. Payment of agreement price
11. Unrestricted shares of deceased or disabled shareholder
12. Legends on stock or member certificates
13. New stockholders
14. Termination of the agreement
15. Miscellaneous provisions

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Chapter 8 – Contracts – Member or Shareholder Agreements



Do not forget to have an attachment for SPOUSAL CONSENT to the Member or Shareholder Agreement.

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Chapter 9 – Employee Agreements

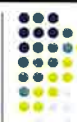


Independent Contractor vs. Employee

- Law is somewhat vague on this issue
- General criteria
 - The right to control the activities of the person
 - Who supplies the tools?
 - Who supplies the place where work will be done?
 - What costs are borne by the worker
 - What are the worker's managerial skills
 - Length of the relationship
 - Ancillary or routine to your business
 - How is payment structured? (Fixed pay versus pay for the job at completion)
 - Do fringe benefits apply to the person?
 - How do the parties treat the transaction?
 - What is customary for the trade or industry?

MAXIMIZING BUSINESS VALUE

Chapter 9 – Employee Agreements



Common (read Expensive) Hiring Mistakes

- Hiring full time employee before determining the actual type of help needed
 - PT, seasonal or temporary employees, consultant(s), outsourcing, expanding responsibilities of current staff
- Failing to complete sufficient diligence on the applicant before making an offer
 - Conduct adequate interviews, check references, and other basic hiring activities
- Make hiring decisions consistent with the strategic plan identifying critical resources

MAXIMIZING BUSINESS VALUE

Chapter 9 – Employee Agreements



Now That You have an Employee

- Must withhold federal income tax and social security tax from taxable wages
- Must file a quarterly federal tax return
- Any person charged with the withholding of taxes may become personally liable for a 100% penalty if they fail to pay or file the proper forms
- Must withhold state income tax
- Must pay unemployment taxes
- Need worker's comp insurance (\$500/day fine)

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Chapter 9 – Employee Agreements



Employment agreements

- Identify the employee's wage, term of employment, and benefits information
- Typically includes
 - A confidentiality agreement
 - An assignment of rights provision
 - Non-solicitation of other employees provision
 - Non-complete provision
- May also consider a separate proprietary information and inventions agreement
- Severance, vesting acceleration upon termination in the case of senior management with significant negotiation leverage
- State law specific – definitely seek counsel from a knowledgeable source

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Chapter 10 - Insurance



GET IT

- General Business Liability and Asset Protection
- Professional Insurance
- Workers Compensation

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Chapter 11 - Certifications



File all certifications the entity achieves:

- Green certification
- BBB Accredited Business certification
- Minority or Woman-Owned business classification
- Social impact certifications

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Chapter 12 - Awards



Demonstrate your brand strength and market presence.

File all awards, press releases and media articles relating to the business

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Miscellaneous



- A business that can run on its own, without you there for every decision, is the most valuable.
- Consider and work on your exit plan from the very beginning.
- Have a business continuation plan in the event you become disabled, ill or just want to take a vacation at some point.
- Make sure you and your significant other are on the same page with respect to the entity in your estate plans.

MAXIMIZING BUSINESS VALUE

In Review



Take care to keep the corporate shield in place to protect your personal assets from the entity's assets if needed.

Fill your corporate binder with the entity's information supporting these 12 chapters.

Add your own corporate book chapters if needed.

Avoid the costly expense and time required to "clean up" your entity when you are ready to exit.

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Questions?



Contact the Pikes Peak Small Business Development Center to schedule an appointment with a counselor to review your next step(s).

THANK YOU!
And Best of Luck to you!



Pikes Peak Small Business Development Center

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ENTITY COMPARISON¹ Pikes Peak SBDC, Legal Considerations Workshop

ENTITY TYPE	SOS ARTICLES	USER MANUAL	OWNERSHIP	OWNERSHIP TRANSFER	TAXATION	GOVERNANCE
Corporation²	Articles of Incorporation	Bylaws	Stockholders ESOP	Stock Exchange SH Agreement	Double	Director Fiduciary Responsibilities of Loyalty and Care
Close Corporation	Articles of Incorporation	Bylaws	Stockholders ESOP	Shareholder Agreement	Double or Pass Through ³	Director Fiduciary Responsibilities of Loyalty and Care
Subchapter S Corporation	Articles of Incorporation	Bylaws	Max 100 S/H US Citizens S/H type limits	Shareholder Agreement 1 share class	Pass Through	Director Fiduciary Responsibilities of Loyalty and Care
Public Benefit Corporation⁴	SI Modified Articles of Incorporation	SI Modified Bylaws	Stockholders w/ Social Impact Needs	Stock Exchange or Shareholder Agreement	Tax Deductns limit to 10% then Double	Director Balancing of SI & Monetary Interests
Nonprofit Corporation⁵	Articles of Incorporation	Bylaws	Community Being Served	N/A	Exempt UBIT ⁶ Deductions	Director Fiduciary Responsibilities of Loyalty and Care
Limited Liability Company^{7,8}	Articles of Organization	Operating Agreement	Members, can be other entities	Member Agreements, multiple classes	Pass Through	Member and or Manager Fiduciary and/or Balancing Responsibilities
Joint Ventures	Created through agreement with existing or new entities		Entities that created the JV	Through agreement	Based on each entity type	Per agreement

NOTE: This chart is for the purpose of education and is not intended to be legal advice. © 2018 Schmitz Law Firm

¹ Note that a B-Corporation (B-Lab Model) and L3C are not authorized under Colorado Revised Statutes. Sole proprietorships and partnerships are not recommended due to limits on liability projection for owners.

² The first recognized “corporation” was approximately 527-565 AD in Rome. Good for public trading and frequent ownership turnover.

³ Note that the entity must elect pass through taxation through IRS application shortly after forming.

⁴ The Public Benefit Corporation Act of Colorado, an adaptation of Delaware legislation, was signed by Governor Hickenlooper on May 15, 2013. It is a hybrid of a for-profit corporation and a nonprofit organization.

⁵ “Every nonprofit engages in any lawful business or activity unless a more limited purpose is stated in its articles of incorporation.” CRS § 7-123-101(1).

⁶ UBIT (Unrelated Business Income Tax) is a tax on income at normal corporate rates to the charity that comes from an “unrelated business activity,” i.e., those tasks that are regularly carried on and do not contribute to the charities mission other than generating income, ex. publishing.

⁷ The first limited liability company was codified in New York around 1811. Good for limited investors and relatively low investor turnover.

⁸ Limited liability companies can be formed in Colorado to conduct “any lawful business” whether or not for profit. CRS § 7-80-103.

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- Business Plan
- Marketing Plan
- Exit Plan