



**University of Idaho**  
College of Law

# Choosing an Entity

**Who cares?**

**What if I do nothing?**

**Corporation**

**Limited Liability Company**

**Others**



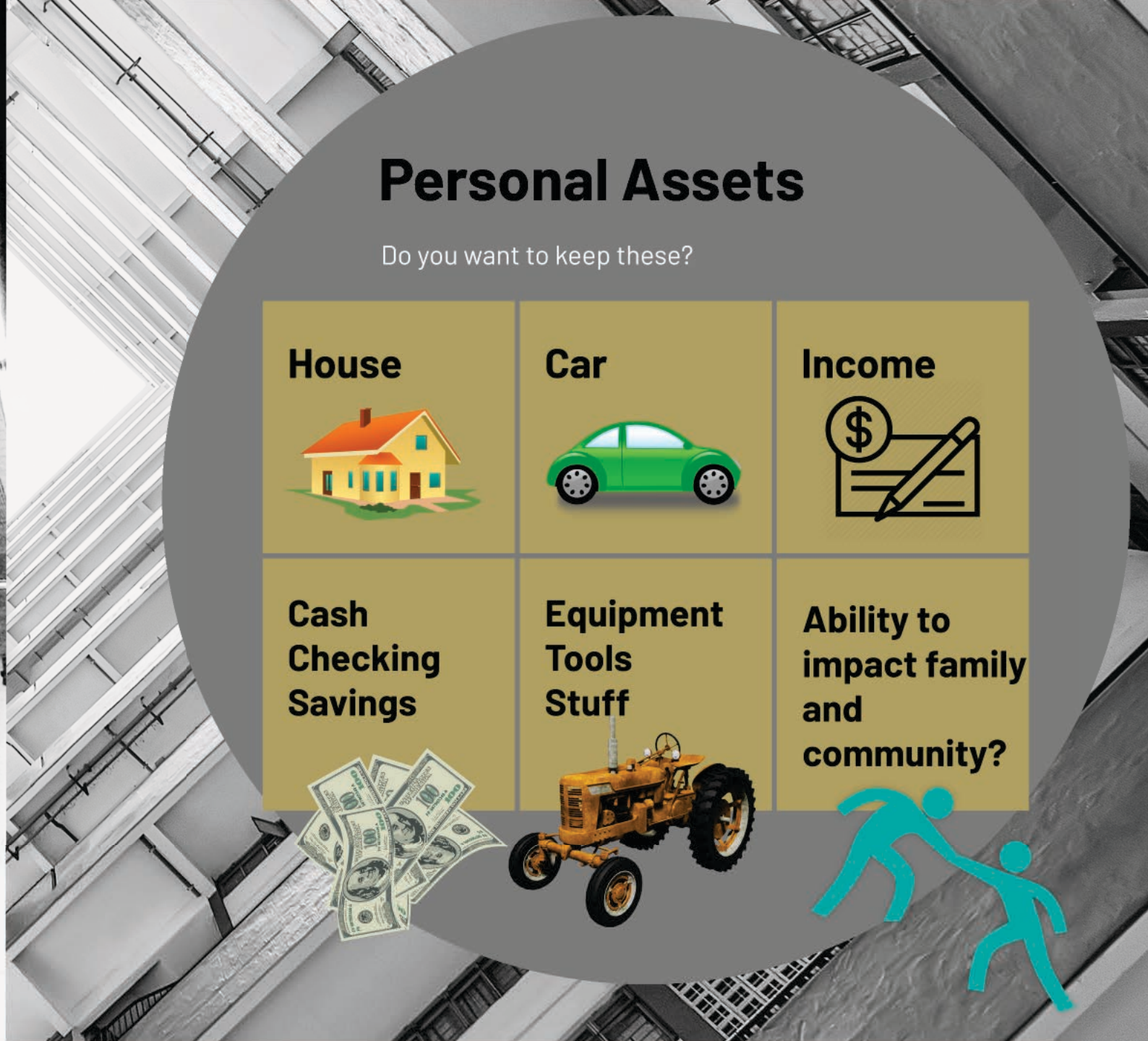


# **Business is Risky**

**Your Stuff**

**People  
who want  
your stuff**





# Personal Assets

Do you want to keep these?

**House**



**Car**



**Income**



**Cash  
Checking  
Savings**



**Equipment  
Tools  
Stuff**



**Ability to  
impact family  
and  
community?**







# **Business is Risky**

**Your Stuff**

**People  
who want  
your stuff**



# Who else wants your stuff?

Lenders  
Landlords  
Employees  
Customers  
Vendors  
Contractors  
Competitors  
Regulators  
IRS







# **Business is Risky**

**Your Stuff**

**People  
who want  
your stuff**





**University of Idaho**  
College of Law

# Choosing an Entity

**Who cares?**

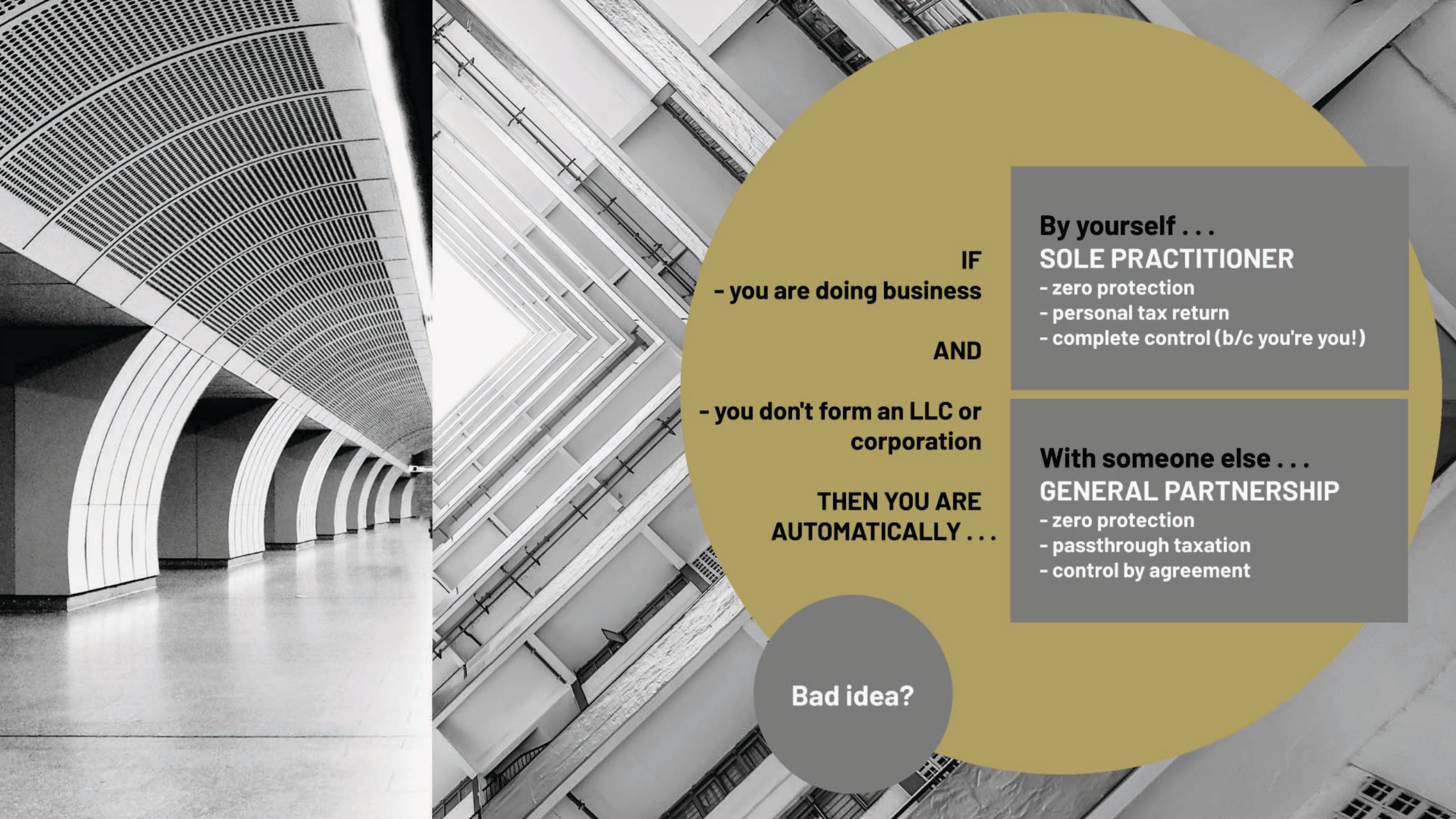
**What if I do nothing?**

**Corporation**

**Limited Liability Company**

**Others**





**IF**  
**- you are doing business**

**AND**

**- you don't form an LLC or  
corporation**

**THEN YOU ARE  
AUTOMATICALLY ...**

**By yourself ...**  
**SOLE PRACTITIONER**

- zero protection
- personal tax return
- complete control (b/c you're you!)

**With someone else ...**  
**GENERAL PARTNERSHIP**

- zero protection
- passthrough taxation
- control by agreement

**Bad idea?**



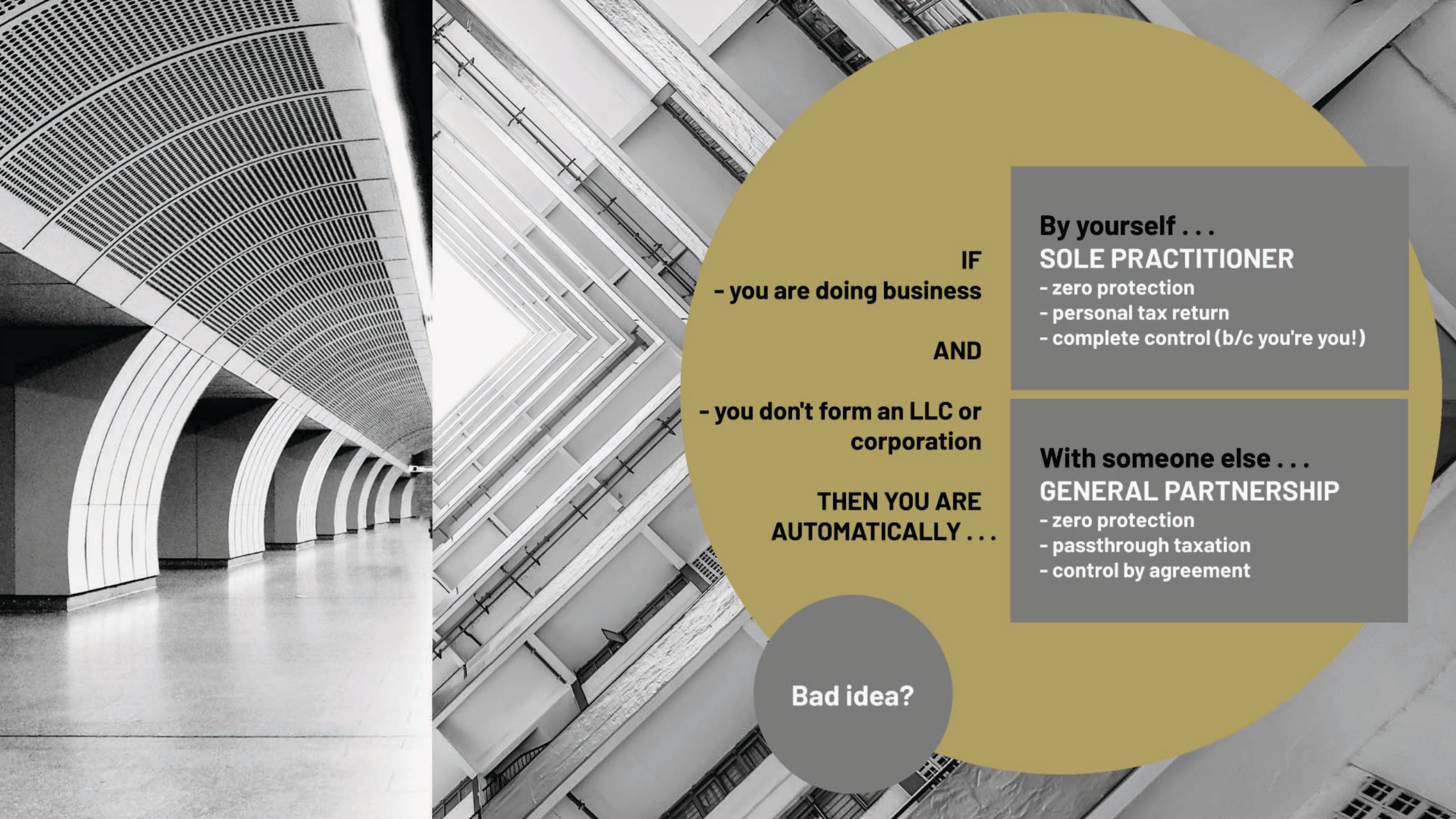
# **Terrible Idea!!!**

Sole Proprietorship is USUALLY a bad idea.

General Partnership is ALWAYS a bad idea.







**IF**  
**- you are doing business**

**AND**

**- you don't form an LLC or  
corporation**

**THEN YOU ARE  
AUTOMATICALLY ...**

**By yourself ...**  
**SOLE PRACTITIONER**

- zero protection
- personal tax return
- complete control (b/c you're you!)

**With someone else ...**  
**GENERAL PARTNERSHIP**

- zero protection
- passthrough taxation
- control by agreement

**Bad idea?**





**University of Idaho**  
College of Law

# Choosing an Entity

**Who cares?**

**What if I do nothing?**

**Corporation**

**Limited Liability Company**

**Others**





# Corporation

corp. inc. co. ltd.

What is it?

Who should  
form a corp?

How to Form







# Corporations

## Owners

Called "shareholders"

Solo or With Others

## Taxes

C Corp = "double" taxation

S Corp = passthrough

## Money

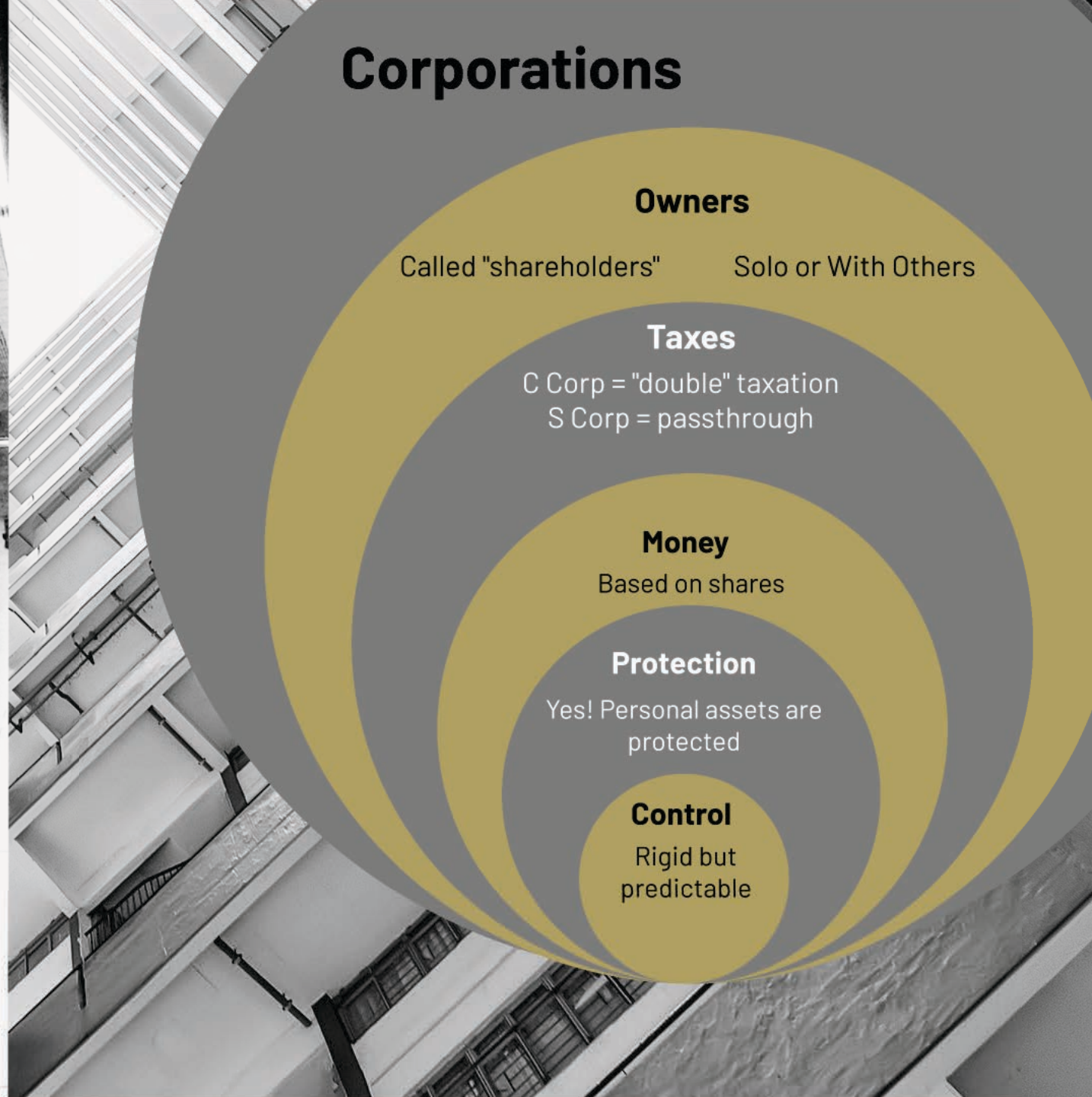
Based on shares

## Protection

Yes! Personal assets are protected

## Control

Rigid but predictable







# Corporation

corp. inc. co. ltd.

What is it?

Who should  
form a corp?

How to Form





Reset Form



# ARTICLES OF INCORPORATION (General Business)

Title 30, Chapters 21 and 29, Idaho Code

Base Filing fee: \$100.00 + \$20.00 for manual processing (form must be typed).

This general business corporation is a **benefit corporation**.  
(Check if applicable pursuant to Title 30, Chapter 20, Idaho Code)

**Article 1:** The name of the corporation shall be:

**Article 2:** The number of shares the corporation is authorized to issue:

**Article 3:** Registered agent name and address:

<input type="text"/>	<input type="text"/>
(Name)	(Address)

**Article 4:** Incorporator name and address:

<input type="text"/>	<input type="text"/>
(Name)	(Address)

**Article 5:** The mailing address of the corporation shall be:

<input type="text"/>
(Mailing Address)

**Optional Articles** (director names and addresses, for example):

Signature of at least one incorporator:

Printed Name:

Signature:

Printed Name:

Signature:

Secretary of State us
-----------------------

**But wait,  
there's  
more . . .**





## Other requirements . . .

30-29-206. BYLAWS. (a) The incorporators or board of directors of a corporation shall adopt initial bylaws for the corporation.

## Other formalities . . .

30-29-701. ANNUAL MEETING. (a) Unless directors are elected by written consent in lieu of an annual meeting as permitted by section 30-29-704, Idaho Code, a corporation shall hold a meeting of shareholders annually at a time stated in or fixed in accordance with the bylaws at which directors shall be elected.

30-29-704. ACTION WITHOUT MEETING. (a) Action required or permitted by this chapter to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one (1) or more written consents bearing the date of signature and describing the action taken, signed by all the shareholders entitled to vote on the action, and delivered to the corporation for filing by the corporation with the minutes or corporate records.

30-29-705. NOTICE OF MEETING. (a) A corporation shall notify shareholders of the date, time and place of each annual and special shareholders' meeting no fewer than ten (10) nor more than sixty (60) days before the meeting date. If the board of directors has authorized participation by means of





Reset Form



# ARTICLES OF INCORPORATION (General Business)

Title 30, Chapters 21 and 29, Idaho Code

Base Filing fee: \$100.00 + \$20.00 for manual processing (form must be typed).

This general business corporation is a **benefit corporation**.  
(Check if applicable pursuant to Title 30, Chapter 20, Idaho Code)

**Article 1:** The name of the corporation shall be:

**Article 2:** The number of shares the corporation is authorized to issue:

**Article 3:** Registered agent name and address:

<input type="text"/>	<input type="text"/>
(Name)	(Address)

**Article 4:** Incorporator name and address:

<input type="text"/>	<input type="text"/>
(Name)	(Address)

**Article 5:** The mailing address of the corporation shall be:

<input type="text"/>
(Mailing Address)

**Optional Articles** (director names and addresses, for example):

<input type="text"/>
----------------------

Signature of at least one incorporator:

Printed Name:

Signature:

Printed Name:

Signature:

Secretary of State us
-----------------------

**But wait,  
there's  
more . . .**





# Corporation

corp. inc. co. ltd.

What is it?

Who should  
form a corp?

How to Form





You **might** consider a corporation if . . .

- you have lots of passive investors or want to raise outside capital
- You are going to "go public"
- You're going to be HUGE
- Your accountant tells you to





# Corporation

corp. inc. co. ltd.

What is it?

Who should  
form a corp?

How to Form





**University of Idaho**  
College of Law

# Choosing an Entity

**Who cares?**

**What if I do nothing?**

**Corporation**

**Limited Liability Company**

**Others**





# Limited Liability Company

L.L.C., LLC, L.C., LC

What is it?

How to Form

Who should form an LLC?





## Limited Liability Company (LLC)

### Owners

Called "Members"

Solo or With Others

### Taxes

Solo = sole proprietor

Multiple = partnership

Options = S Corp or Corporation

### Money

Flexible

### Protection

Yes! Personal assets are protected

### Control

Flexible





# Limited Liability Company

L.L.C., LLC, L.C., LC

What is it?

How to Form

Who should form an LLC?





# CERTIFICATE OF ORGANIZATION LIMITED LIABILITY COMPANY

Title 30, Chapters 21 and 25, Idaho Code

Base Filing fee: \$100.00 + \$20.00 for manual processing (form must be typed).

1. The name of the limited liability company is:

(Remember to include the words "Limited Liability Company," "Limited Company," or the abbreviations L.L.C., LLC, or LC)

2. The complete street and mailing addresses of the principal office is:

(Street Address)

(Mailing Address, if different)

3. The name and complete street address of the registered agent:

(Name)

(Address)

4. The name and address of at least one governor of the limited liability company:

(Name)

(Address)

(Name)

(Address)

(Name)

(Address)

(Name)

(Address)

5. Mailing address for future correspondence (annual report notices):

(Mailing Address)

Signature of organizer(s).

Printed Name:

Signature: \_\_\_\_\_

Printed Name:

Signature: \_\_\_\_\_

Revised 12/2018

Secretary of S

**But wait,  
there can  
but doesn't  
have to be  
more . . .**





## Operating Agreement

Document that governs how decisions are made and money is divided up

- Not legally required, but
- for solo, good idea
  - for multi, great idea





# CERTIFICATE OF ORGANIZATION LIMITED LIABILITY COMPANY

Title 30, Chapters 21 and 25, Idaho Code

Base Filing fee: \$100.00 + \$20.00 for manual processing (form must be typed).

1. The name of the limited liability company is:

(Remember to include the words "Limited Liability Company," "Limited Company," or the abbreviations L.L.C., LLC, or LC)

2. The complete street and mailing addresses of the principal office is:

(Street Address)

(Mailing Address, if different)

3. The name and complete street address of the registered agent:

(Name)

(Address)

4. The name and address of at least one governor of the limited liability company:

(Name)

(Address)

(Name)

(Address)

(Name)

(Address)

(Name)

(Address)

5. Mailing address for future correspondence (annual report notices):

(Mailing Address)

Signature of organizer(s).

Printed Name:

Signature: \_\_\_\_\_

Printed Name:

Signature: \_\_\_\_\_

Revised 12/2018

Secretary of S

**But wait,  
there can  
but doesn't  
have to be  
more . . .**





# Limited Liability Company



L.L.C., LLC, L.C., LC

What is it?

How to Form

Who should form an LLC?





## You should consider forming an LLC if . . .

- You are doing business by yourself or with others
- You want to protect your personal assets
- Your business involves some risk
- You have \$100

\*ALL business involves some risk





# Limited Liability Company

L.L.C., LLC, L.C., LC

What is it?

How to Form

Who should form an LLC?





**University of Idaho**  
College of Law

# Choosing an Entity

**Who cares?**

**What if I do nothing?**

**Corporation**

**Limited Liability Company**

**Others**



# Other Options

Limited Partnership (LP)

Nonprofit Corporation

Limited Liability Partnership (LLP)

Unincorporated Nonprofit Associations

PLLP or PLLC

B Corp\*

Cooperative\*

Benefit Corporation\*

Employee-owned\*

**Hello**  
my name is

**Assumed Business Name**  
(a.k.a. d.b.a.)

\*not a separate type of legal entity





**University of Idaho**  
College of Law

# Choosing an Entity

**Who cares?**

**What if I do nothing?**

**Corporation**

**Limited Liability Company**

**Others**





# Questions?

## About Me

- 5th generation Idahoan
- Law school in Minnesota (Go Gophers!)
- Big Law→Solo Practice→International Practice→In House Counsel→Professor
- Current fermenting green sriracha sauce

## About Entrepreneurship Law Clinic (Go Vandals!)

- Free legal services to small businesses
  - Entity formation
  - Contract drafting and review
  - Business licensing
  - Trademarks
- Statewide via Zoom

[www.uidaho.edu/law-elc](http://www.uidaho.edu/law-elc)





**University of Idaho**  
College of Law

# Choosing an Entity

**Who cares?**

**What if I do nothing?**

**Corporation**

**Limited Liability Company**

**Others**