

New Corporation Worksheet

PainterConsulting, Inc.

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INSTRUCTIONS

A Corporation or LLC protects your personal assets, but only if set-up and filed properly. State Law requires you to file Articles, complete minutes yearly with meetings, issue stock which you have purchased from the company, verify loans and to maintain a basis with a stock accounting system. If you do not create and maintain these requirements, the company may not protect you from liability. That is called "piercing the corporate veil". The company must be properly and formally financed as well. It is normal to maintain a 50/50 ratio of debt to equity. Any shareholder/member who does not maintain their basis (formal loans and stock purchase) may not be able to deduct losses at tax time (losses greater than basis), even if the company loses money.

MN STATUTE 300.27 Stockholders, liabilities.

1. **Subdivision 1. Personal liability.** A stockholder is personally liable for corporate debts in the following cases:

(1) for all unpaid installments on stock owned by the stockholder or transferred for the purpose of defrauding creditors;

(2) **for failure by the corporation to comply substantially with the provisions as to organization and publicity;** and

(3) for personally violating the provisions in the transaction of any corporate business as officer, director, or member and for fraudulent or dishonest conduct in the discharge of any official duty.

Subd. 2. Exceptions. Except as provided by subdivision 1, no stockholder or member of a corporation or cooperative corporation or association is liable for a debt of the corporation, cooperative corporation, or association.

If you want an S Corporation, an S-Corp's income/loss flows to your personal taxes via a K-1. The LLC does that as well. The Corporation (and S-Corp) require you to pay yourself W-2 wages. The LLC does not. The Corporation allows you to avoid some employment taxes. The LLC does not. Choose wisely because it is very difficult to switch later.

To fill out the form on the following page, follow the lines as if they were questions. List the first officers and directors and how many shares you want to buy. Yes, buy. You must give something in exchange for your shares: Cash, equipment, inventory or a combination. A bill of sale must be issued for equipment exchanged for stock and maintained in the company book. Do not sell your car to the company because you will have to pay sales tax to transfer it. We will lease it to the company. I will help you. I will also provide you with a "note" so that you can loan the company money if necessary. If you do not keep a formal record, the IRS can claim the money is income and tax you on it! Loans also become part of your basis.

I want to help you do this correctly for your own protection. I would be happy to discuss this with you and even fill out this form over the phone. You can fax or mail the form to me as well. You can fill it out right now on line and print it or save it to a file. Email it to me by attaching the file or fax it to me, mail it or drop it off. My fee is \$500, which includes all the "start up" forms and consulting you will need. You will receive your Corporate Book which includes: Articles of Incorporation, Bylaws, Minutes, Stock, Stock Accounting System, Bookkeeping Guidelines, Notes and Leases. In addition to my fee, a State Licensing fee is \$160.00.

Other documents/consulting you may want later include: Multi-member Buy, Sell, and Control Agreements, Confidentiality Agreements, Licensing Agreements, Manufacturing Agreements, Non-compete Agreements, just to mention a few.

Consider it a one time payment on an insurance policy that will last forever. Rest assured that your family and assets are protected when you fulfill all the state's filing and record keeping requirements.

I hope to help you soon.

Rick Painter

PS: Go to www.painterconsulting.com for more detail and forms.

New Corporation Worksheet

PainterConsulting, Inc.

Incorporator(s):

Name	<input type="text"/>				
Address	<input type="text"/>				
City	<input type="text"/>	State	<input type="text"/>	Zip Code	<input type="text"/>
Phone	<input type="text"/>	Bank Name	<input type="text"/>		

Name of Incorporation or Limited Liability Company:

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

Address of Incorporation or Limited Liability Company:

City	<input type="text"/>	State	<input type="text"/>	Zip Code	<input type="text"/>
Phone	<input type="text"/>	FAX	<input type="text"/>	Email	<input type="text"/>

If the Registered Company address is different from above, list Registered Address below:

City	<input type="text"/>	State	<input type="text"/>	Zip Code	<input type="text"/>
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Company Type:

SS-4 S Corp/2553 C Corp Single LLC Multiple LLC / Partnership

Director Information:

Director	<input type="text"/>	Director	<input type="text"/>
Director	<input type="text"/>	CEO	<input type="text"/>
CFO	<input type="text"/>	SEC/Treasurer	<input type="text"/>

Number of Shares:

Total	<input type="text"/>	Treasury	<input type="text"/>	Outstanding	<input type="text"/>
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Shareholder Information:

Shareholder	<input type="text"/>	SS #	<input type="text"/>	Cash Value	<input type="text"/>	Loan Amount	<input type="text"/>	#/Shares	<input type="text"/>
Shareholder	<input type="text"/>	SS #	<input type="text"/>	Cash Value	<input type="text"/>	Loan Amount	<input type="text"/>	#/Shares	<input type="text"/>
Shareholder	<input type="text"/>	SS #	<input type="text"/>	Cash Value	<input type="text"/>	Loan Amount	<input type="text"/>	#/Shares	<input type="text"/>
Shareholder	<input type="text"/>	SS #	<input type="text"/>	Cash Value	<input type="text"/>	Loan Amount	<input type="text"/>	#/Shares	<input type="text"/>

Once you have completed the form, mail it to the address above or fax it to 651 645-0034. When we receive your form, we will create your company and call you for an appointment. Questions? Please call 651-917-3727.