

START-UP BUSINESS BASICS

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AGENDA

Legal Entity Selection

Registrations

Accounting and Bookkeeping

Payroll and Income Taxes

Cash Planning and Forecasting

Financing Options



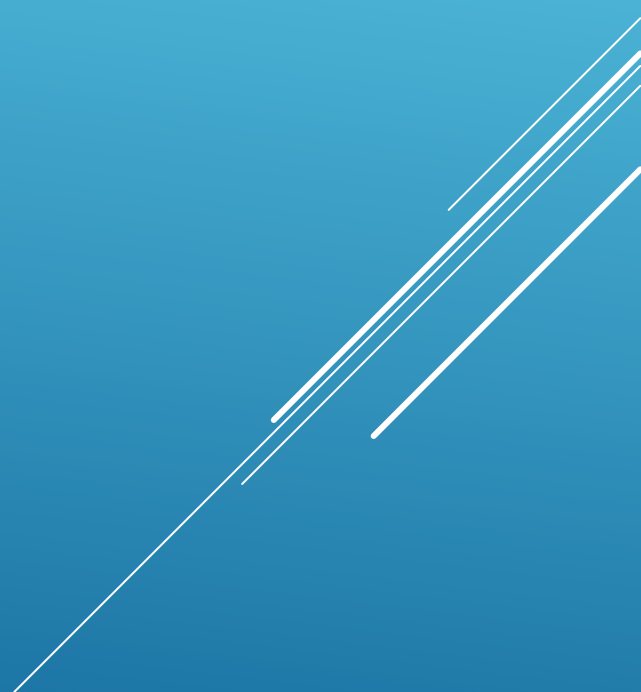
LEGAL ENTITY SELECTION

Sole Proprietorship

Partnership

Corporation

Limited Liability Company (LLC)



SOLE PROPRIETORSHIP

Owned and operated by one individual

NOT a legal entity

Disregarded for tax purposes

Easiest form of business to own/operate

No required legal organization other than needed licenses or permits

PARTNERSHIP

Legal entity (partnership agreement)

Registered with the Secretary of State

Generally files an entity tax return (pass-through)

Two types – General and Limited

Limited partners contribute capital and share in profits/losses but do not participate in running the business and are not responsible for any debt of the entity

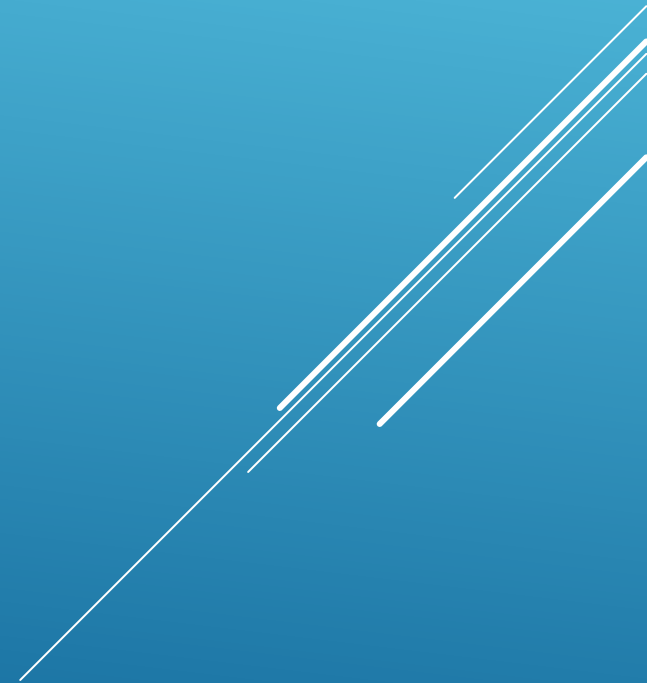
CORPORATION

Legal entity (Articles of Incorporation, By-Laws)

Registered with the Secretary of State

Generally files an entity tax return

Two types – S and C



LIMITED LIABILITY COMPANY (LLC)

Legal entity (Articles of Organization and Operating Agreement)

Registered with the Secretary of State

Hybrid organization with varying attributes from the others



REGISTRATIONS

IRS (www.irs.gov)

Form SS-4 (Federal EIN)

Secretary of State (sos.iowa.gov)

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ACCOUNTING AND BOOKKEEPING

Questions to consider:

Who will be the users of the financial information?

What do you need to know to manage the business?

What will government or regulatory authorities request?

Cash or accrual?

Who will do the books?

Manual or computerized system?



PAYROLL AND INCOME TAXES

Payroll Taxes

Employees vs. Independent Contractor

FICA (Social Security & Medicare)

Unemployment – Federal and State

Withholdings – Federal and State

PAYROLL AND INCOME TAXES

Income Taxes

Due dates & Extensions

Estimates

First return filing important – elections

Planning



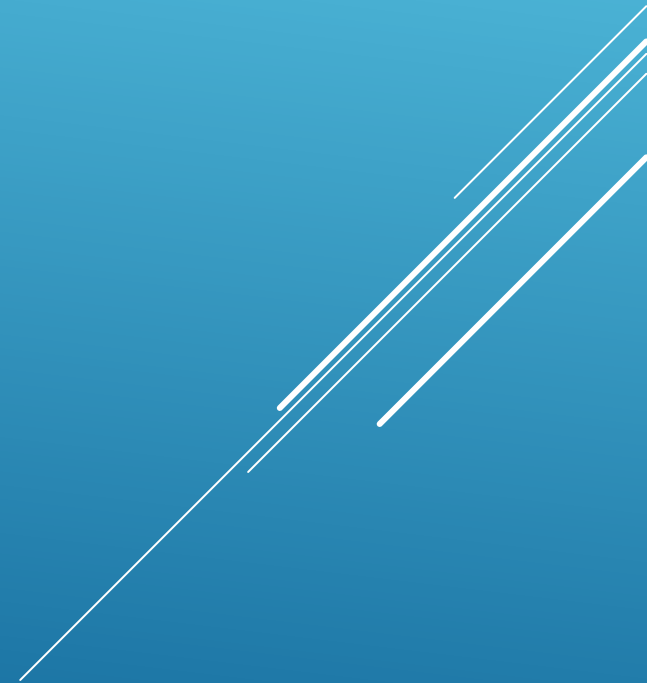
CASH PLANNING AND FORECASTING

Accurate sales forecast is crucial – although never perfect

Analyze collections and disbursements

Collections - Cash vs. Credit (30, 60, 90)

Disbursements – vendors, inventory, terms



FINANCING OPTIONS

Debt or Equity

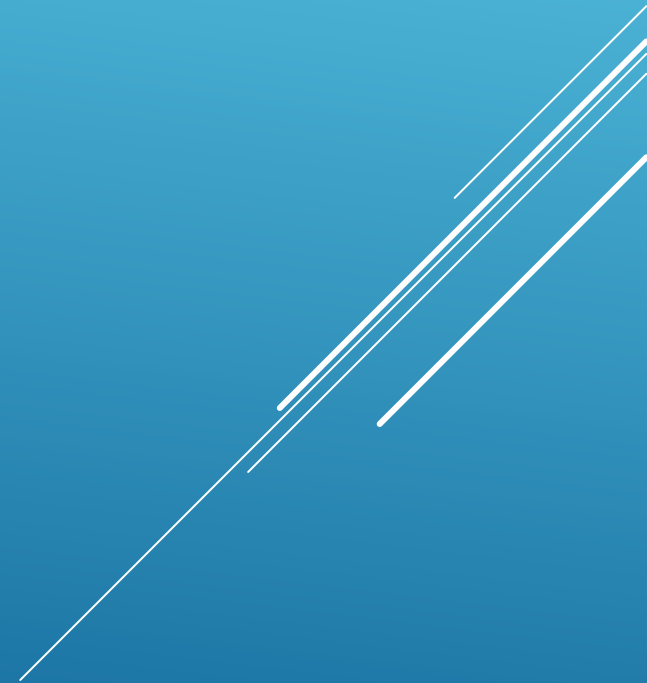
Must have answers to these questions in either case

How much?

Used for what?

Experience in the business?

Business climate in the area?



THANK YOU!

