



LINCOLN

Start Up Checklist

The purpose of this checklist is to identify potential issues to consider when forming a new business. This checklist is not intended to identify every issue that should be considered. Instead, it highlights many of the most common start up issues.

In addition to counseling clients on legal issues and preparing legal documents, we enjoy helping clients identify other business concerns and then introducing them to people that can help. For instance, we commonly introduce clients to the following types of professionals.

- a. Accountant
- b. Banking
- c. Bookkeeper
- d. Fundraising
- e. Human Resource Matters
- f. Insurance
- g. Patent/Trademark Attorney
- h. Payroll
- i. Real Estate Broker
- j. Tax Return Preparer

Next to each checklist item below is a column to insert service providers that can assist you. LINCOLN can assist with many of the items. But, for those items where we do not provide that service, we would be happy to provide a referral or make an introduction to a great service provider that can assist you.

| Checklist Item | Service Providers |
|---|-------------------|
| 1. Select Legal Entity(ies) & Structure | LINCOLN |
| <ul style="list-style-type: none"> a. Corporation b. Limited Liability Company c. Partnership d. Limited Partnership e. Structuring <ul style="list-style-type: none"> i. Up C Structure ii. Self-Employment Tax Planning iii. Other | |
| 2. Select Tax Classification of Legal Entity(ies) | LINCOLN |
| <ul style="list-style-type: none"> a. Corporation b. S Corporation c. Sole Proprietorship d. Partnership e. Disregarded Entity | |
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| 3. Select State to Form Legal Entity(ies) - | LINCOLN |
| a. Consider forming entity in Delaware (or other) v home state. | |
| b. Arrange for third-party registered agent (CT Corporation) if not formed in state with operations. | |
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| 4. Prepare Formation and Qualification Documents | LINCOLN |
| a. Search desired business name to make sure it is available. | |
| b. File appropriate formation documents (e.g., Articles of Incorporation or Articles of Organization) | |
| c. If sole proprietorship, partnership, or will be operating under trade name, register dba in county where business will be conducted | |
| d. Register to do business in each state with operations, referred to as foreign qualifications. | |
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| 5. Prepare Governance and Related Initial Legal Documents | LINCOLN |
| a. Prepare governance documents (e.g., By laws for Corporation or Operating Agreement for LLC) | |
| b. Set up Minute Book – Holds all minutes and important company documentation (formation documents, stock certificates, etc...) | |
| c. Stock Ledger and Certificates, if applicable | |
| d. Contribution and Assignment Agreement: This agreement effects the transfer by a founder to the Company of intellectual property related to the business of the Company. | |
| e. Consent in Lieu of First Meeting of Board of Directors or Managers Meeting: This document authorizes the officers, members, or partners to open bank accounts, confirms the start-up steps, and other items. | |
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| 6. Evaluate and Prepare for Current and Future Tax Filings | |
| a. File forms to obtain any necessary tax | |

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| <ul style="list-style-type: none"> identification numbers <ul style="list-style-type: none"> i. Employer Identification Number (EIN) ii. State Income Tax iii. State Sales Tax iv. State Employment Withholding Tax v. State Unemployment Tax | |
| <ul style="list-style-type: none"> b. Entity Classification – File the forms necessary to achieve desired entity classification <ul style="list-style-type: none"> i. Entity Classification Election, if applicable (Form 8832) ii. S Corporation election (Federal and State) | |
| <ul style="list-style-type: none"> c. Annual & Quarterly Tax Forms – Develop a list of all federal and state, annual and quarterly tax forms required to be filed, including due dates for each. <ul style="list-style-type: none"> i. Federal and State income tax ii. Tangible property iii. Real Property Taxes iv. Annual reports for home state and each state qualified to do business v. Estimated taxes vi. Employment tax and withholding tax | |
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| 7. Evaluate and Request Necessary Licensing and Permits | |
| <ul style="list-style-type: none"> a. Identify any required state, city, or county licenses or permits required for operating the business. | LINCOLN |
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| 8. Employment Law Matters | |
| <ul style="list-style-type: none"> a. Employment Agreements b. Employee benefits c. Stock and Stock Rights d. Consider hiring independent contractors v employees e. Non-Compete Agreement – Have founders, directors, officers, employees and other services providers sign f. Confidentiality and IP Assignment Agreement: This agreement should be signed by every founder, director, officer, employee and any other service provider | LINCOLN |

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| (including outside consultants) of the Company at the outset of their engagement with the Company. This agreement, among other things, restricts disclosure of the Company's proprietary information and establishes the Company's ownership over work product and inventions. | |
| 9. Human Resources | |
| a. Find great employees | |
| b. Screening and Onboarding | |
| c. Payroll processing | |
| d. Employee Handbooks | |
| e. Benefits administration (Retirement Admin, Health Benefits, Cobra Admin, Open Enrollment, FSA, HAS, etc...) | |
| f. Retirement Plan Consulting & Design | |
| g. Professional Employer Organization (PEO) | |
| 10. Consider Fundraising Options– Equity / Debt | |
| a. Fundraising alternatives: friends & family, angel, venture capital, bank, other. | LINCOLN |
| b. Prepare pitch deck | |
| c. Prepare business plan | |
| d. Consider securities laws related to raising capital | |
| e. Have attorney draft the necessary equity or debt financing documents | |
| 11. Physical Location | |
| a. Determine whether to lease or purchase physical location | |
| b. Locate physical location | |
| c. Enter into lease or Purchase and Sale Agreement | LINCOLN |
| i. Negotiate and enter into lease agreement, or | |
| ii. Negotiate and enter into sale/purchase agreement | |
| 12. Open Bank Account(s) | |
| a. Find a business-friendly bank. To open bank account you may need the following: | |
| i. EIN for business | |

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| <ul style="list-style-type: none"> ii. Articles of Incorporation or Articles of Formation iii. Bank forms filled out and signed providing information about owners | |
| 13. Accounting and Bookkeeping | |
| <ul style="list-style-type: none"> a. Develop chart of accounts b. Develop accounting policies and procedures c. Develop monthly bank reconciliation process d. Select accountant and accounting software e. Select bookkeeper f. Develop process for gathering good tax records | |
| 14. Intellectual Property Protection | |
| <ul style="list-style-type: none"> a. Consider obtaining copyright b. Consider obtaining trademark / service mark and copyright c. Consider obtaining patent | |
| 15. Insurance | |
| <ul style="list-style-type: none"> a. Obtain insurance that is needed: <ul style="list-style-type: none"> i. General Liability Insurance ii. Professional Liability iii. Property Insurance iv. Workers Compensation Insurance v. Product Liability vi. Vehicle vii. Business Interruption viii. Data Breach ix. Directors and Officers x. Life Insurance | |
| 16. Outbound International Issues, if any | |
| <ul style="list-style-type: none"> a. Select form of doing business abroad <ul style="list-style-type: none"> i. Export Products ii. License know how to unrelated foreign manufacturer iii. Set up wholly owned foreign manufacturer | LINCOLN |
| <ul style="list-style-type: none"> b. Set up legal entity structure considering business and tax issues | LINCOLN |
| <ul style="list-style-type: none"> c. Draft appropriate legal documents | LINCOLN |

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| 17. Inbound International Issues, if any | |
| a. Select form of doing business in US <ul style="list-style-type: none"> i. Import Products ii. License know how iii. Set up wholly owned foreign manufacturer | LINCOLN |
| b. Set up legal entity structure considering business and tax issues | LINCOLN |
| c. Draft appropriate legal documents | LINCOLN |
| d. Hire local company to operate US business or to provide guidance in US market | |