**End the Year in Good Legal Standing**

My name is Nellie Akalp and I will be your webinar presenter and SCORE mentor today with -- I am really excited to be here. Today we are going to jump right into it and talk about year end tips to keep your business in good standing. Without further ado, a little bit about myself. I am the CorpNet

CEO in a passionate on twitter, this is expert, professional speaker, published author and mother to four amazing kids who are actually going to be going to college this year -- actually two of them. One of them is in high school and another one is going to be starting second grade . I have dedicated my entrepreneurial career to helping other entrepreneurs and business professionals succeed at business startup, ownership and compliance. Today I'm going to be giving you all the tips you need to know about how to keep your business and set your business up to be in compliance as we approach the end of the year. We have a lot of great stuff planned for you today. Today's agenda is going to be learning how to prepare your business for 2020 by ending the year and good legal standing. What we are going to be talking about is Q4 planning, entity formation for those of you who are just on the verge of getting your business off the ground , for those of you wanting to incorporate or set your business up as an LLC, we will be talking about a delayed filing option and how we can help you in preventing you from paying two sets of taxes for both 2019 and 2020. We will also be talking about corporate entity compliance, internal compliance requirements with your business, external compliance requirements, your end due date and deadline requirements, consequences for noncompliance and then I will share with you helpful resources and -- we will keep about 20 minutes at the end for any questions that you may have. Let's talk about Q4 planning. With the end of the year approaching, it's easy to get overwhelmed and put your business on the back burner when it comes to year and business tax , amongst making time for holiday festivities and anything and everything that comes with, you know, Thanksgiving holidays , Hanukkah, Christmas -- whatever you guys celebrate out there. In my opinion the key to success is planning ahead so your business is in good shape when we start off the new year. When we are talking about planning ahead we want to talk about whether you are considering changing business entity types to get better tax credits next year, if you have a business that is [ Indiscernible - Muffled Audio ] maybe considering closing that inactive business, making sure your business licenses and permits are in order if you are already running an active business, holding annual meeting minutes for your corporation, if there are any changes or modifications, making sure those modifications are on file and on notice with your secretary of state office in your state. We will be talking about all of that today. Before we start, let's talk quickly about entity formation and benefits of incorporating a business. As CEO of a company who provide legal document filing services, we've dealt with a lot of clients who come in and want to set up their business as a corporation or LLC

in any of the 50 states and oftentimes the questions that we are asked is, what is the reason that I should incorporate? What are the benefits of incorporating a business? Many small business owners launch their company initially as a sole proprietorship or partnership , they and their business are especially one in the same. Really my job here is to educate and give you a little bit of a refresher course for those of you who are maybe thinking about getting your business off the ground or if you are operating the business as a sole partnership or partnership, maybe you are considering and 2020 or beforehand as to taking that business in incorporating it or setting it up as an LLC. So really the benefits of incorporating first and foremost is personal asset protection, liability protection. They both allow owners to separate and protect their personal assets , and in a properly structured and managed corporation or LLC, owners will have liability for business that's an obligation. Corporations in general have more corporate formalities than LLCs, and LLCs have limited formalities but again they offer you personal asset protection, liability protection. Among other benefits of why one should incorporate or form an LLC is also tax advantages. Generally speaking, as a business owner who sets up their business as a corporation or LLC, you may be eligible for more tax savings and advantages. There's also an increased potential for funding in establishing business credit. As a corporation or LLC you will have increased credibility in the eyes of people who want to deal with you because those people who are dealing with you, whether they are clients or vendors, they are going to look at you as more of an established, legitimate business when they see you taking the necessary steps to put for business -- to incorporate your business or set up your business as an LLC and by adding that indicator, to the end of your business name, you are more likely to be viewed upon as a more established, legitimate business. In addition and lastly another benefit is as a corporation or LLC there is perpetual life for corporations and life meaning the corporation or LLC will go on in on unless it's properly dissolved. Just because a member or shareholder of the corporation or LLC passes on, it doesn't mean the corporation or LLC will dissolve automatically. In a nutshell, , and again to kind of go back , the benefit of incorporating a business or placing a business as an LLC , is really at the bottom line at the end of the day -- it comes down to liability protection and asset protection, meaning it creates a shield around you as a business owner and God forbid if you as a business are ending up in the wrong end of a lawsuit, you are protected. They can't come after your personal assets, whether it is your house, college savings, bank account, car -- anything you own personally. This slide really gives you a rundown on the different types of entity types. Again, sole proprietorship is basically one person doing business under their own name or under a fictitious business name to really know liability protection with a sole proprietorship, no funding options and really you as a business owner are doing business under your own name or under a fictitious business name and all the losses are really recorded on your personal income tax return on the schedule C. Similarly with a partnership, it is really two or more people doing business under their own names or under a fictitious business name , and again, no liability protection, no asset protection . Both with a sole proprietorship or general partnership, the filings to bring this entity to existence is typically done at the county level within the state the business is located. It's done again at the county level, some states you do it at the state level, but again generally speaking, it is done at the county level and is typically done by way of what is called a

"Doing Business As" filing. Moving onto really what we call the corporate shield which is we get into corporations, S Corporation, LLCs -- these are the types of business entities that really offer you liability protection , asset protection and C Corporation is the most common form of a corporate entity. Is the most formal type of entity and owned by the shareholders, the shareholders elect Board of Directors to create and operate the business and they in turn elect officers who run the corporation . With a C Corporation we don't recommend that for a small business owner, why? Because the C Corporation, you have what is called double taxation. Typically for a small business owner we recommend either the S Corporation or the Limited Liability Company . The S Corporation really starts off as a C Corporation and it's a business owner qualifies, it's a tax designation given to the C Corporation , whereby it prevents the C Corporation from double taxation if you are granted S Corporation status by the IRS, really what it is is, it allows the C Corporation to be taxed as a pass-through entity and thereby avoiding double taxation. Meaning that as a corporation if a business owner meets the requirement granted by the IRS and required by the IRS, if you meet those requirements , the C Corporation now in the eyes of the IRS is viewed as a pass-through tax entity and thereby avoids double taxation meaning that all the profits and losses are passed through the C Corporation and only taxed once by the shareholders. The shareholders are only taxed once, only at the individual level. Thereby avoiding double taxation. Moving on to the Limited Liability Company, Limited Liability Company , I like to refer to this as getting to have my cake and eat it too . Limited Liability Company is a popular business structure because not only you are afforded all the liability protection that's afforded by a C Corporation, but with minimal formalities. It's a popular business structure that any business owner can qualify to become an LLC unlike the S Corporation, why? The S Corporation, you have to meet the requirements that are passed down and required by the IRS , whereas the LLC, there are no requirements. Anyone can be a member of the LLC. You can be a foreigner, a trust, anyone, LLCs are very flexible both [ Indiscernible - Muffled Audio ] and they offer flexible tax treatment and by default if you have a single member LLC it is taxed as a sole proprietorship so there's a likelihood of higher self-employment taxes. By default if it's a two or more member LLC it's taxed as a partnership, however again because of the tax flexibility

that is offered by the LLC, an LLC can also elect to be taxed as an S Corporation or a C Corporation, so definitely look into this and talk with your financial advisors, CPAs, tax professionals as to which type of entity will provide you with the best consequences and tax implications. Quickly touching on professional corporations, professional corporations are very similar to C Corporation's and they can elect S Corporation status. Professional Corporation is basically really a C Corporation but designed for professional such as a doctor, lawyer, architect . Within your state, there are certain types of professions

that as a requirement, if that professional needs to be a corporation they have to become a Professional Corporation and again we can definitely go over and answer any questions you have as to what type of profession needs to become a Professional Corporation, but in all other aspects really treated the same as a C Corporation and the professional can elect S Corporation tax if they meet the requirements of the IRS. Some of you may ask what are those requirements? How do I meet the S Corporation requirement? An S Corporation really could be viewed upon and granted election for the C Corporation to be taxed as an S Corporation. The corporation can only have up to 100 shareholders, only one class of stock, all shareholders of the corporation must be U. S. residents or citizens of the U. S. and the election must be made within 75 business days of the corporation coming into existence or by March 15 of the following year. There are certain exceptions to this role where the IRS may grant you relief and that is a case by case scenario. Again, for those that cannot qualify for S Corporation status, Limited Liability Company business structure is great for those business owners who can't qualify as an S Corporation and with a Limited Liability Company, again, there is that pass-through entity tax feature which avoids double taxation. I put a slide up here which really differentiates the differences between the different entity types and structures, as you can see with sole proprietorship to partnerships, there is really not a lot of formation steps and not a lot of steps that you need to take to become a sole proprietorship or partnership where as you can see with the C Corporation, this S Corporation -- and the LLC, they are much more

-- they have tedious filing requirements and also compliance requirements that have to be yearly complied with. On the flipside, the beauty of placing your business as a business owner into a legal entity type structure such as an LLC, you are provided with liability protection, asset protection, which means your personal assets, anything you own personally , they cannot come after because you are creating this corporate shield around you. For those of you considering incorporating your business or setting up your business as an LLC but maybe have a question of we are approaching the end of the year, should I file now or should I file in 2020? Again, this is a question that you need to definitely consult with your financial advisor , whether it be your CPA or your enrolled agent or , you know, your attorney. Generally speaking for a business, that is up and running and you are reporting profits and there is a likelihood that, you know, they are conducting a business that there may be a lot of liability out there, you may want to consider incorporating your business right now rather than waiting until 2020. The reason why is because you want to definitely protect yourself from any type of liability and protect your personal assets. For those of you -- if your accountant or attorney is advising you to consider incorporating the business but you may want to wait until 2020 , this is where the delayed filing option comes into play where you can actually file your paperwork today with a delayed effective filing date of 2020 . What this does is it prevents you from filing two sets of tax returns , both for 2019 and 2020. So the delayed filing option is great for a small business who wants to incorporate, who plans to incorporate or set their business up as an LLC but really wants to plan ahead and wants that incorporation date or LLC filing date to be effective in 2020 and this is a great solution for those of you out there where you file your paperwork today with a reputable company, online service such as our company, CorpNet, however, you basically request for the filing date to be delayed until 2020 . As you complete these online forms to establish the corporation or LLC, you specify the number of days after the filing when you want your business structure to be effective and you want to make sure that date is reflective on your articles of incorporation or organization. Keep in mind different states have different rules and most states require you to request for a delayed effective filing date of anywhere from 30 to 90 days in advance of requesting this filing date. Again, you want to check with your state for specific details. Let's get into corporate compliance. 2020 is right around the corner and for those of you

who already have an existing business, whether it is a corporation or LLC or if you are listening into this webinar and you are a business professional representing clients who have a corporation or LLC, you definitely want to make sure you educate yourself on the whole topic of corporate compliance and making sure you, yourself, and your clients are in good corporate standing before 2020 approaches. Once 2020 hits, right after -- it creeps up on you really fast, then you have April 15th around the corner so you definitely want to make sure your company is in good standing and you want to plan ahead because a lot of things come up, including holiday festivities at the end of the year. So what is corporate entity compliance? As I tell all my clients,

Q4 is a great time for business owners to revisit their annual compliance needs when it comes to them running their business as a corporation or LLC and ensure all filings are submitted on time before the new year hits. What is corporate entity compliance? Basically you have a corporation or LLC and you are conducting your business as a corporation or LLC, or vice versa if you are conducting your business as a sole proprietorship or partnership, it's really retaining the good standing of your business whether it be a proprietorship , partnership or corporation or LLC within any state that businesses establish or given permission to operate. Typically sole proprietorship's and partnerships are not as involved when it comes to compliance and maintaining good standing. It really does what I'm talking about is the majority of it really refers to those business owners who have a corporation or LLC. With corporations and LLCs there's both internal and external compliance requirements that need to be addressed and need to be complied with. And planned ahead. Especially at this time of the year when we are approaching the end of the year. Keep in mind compliance responsibility and deadlines vary by state. We have attached a handout to this webinar which a lot of you can download and refer to when it comes to your particular state compliance responsibilities, due dates and deadlines, and for any reason if your state information is not there you can always reach out to us and we would be more than happy to answer your questions. And even offer you a complementary compliance check on your particular business entity. So as I mentioned, with maintaining a corporation or LLC in good standing, they are both needing internal compliance that needs to be maintained on a yearly basis and also external compliance requirements. Internal requirements are actions that must be taken by the directors and shareholders or members and managers

of a corporation or LLC. Internal records must be documented as part of company records and may be necessary when selling the company or in the event of a lawsuit. Or a merger or acquisition. Internal compliance requirements which we will be addressing in detail are typically the EIN or tattle federal tax ID, bylaws, annual meeting minutes and operating agreement. There's also external compliance requirements that a corporation or LLC has to meet and comply with on a yearly basis. External requirements are imposed by the state in which a business is incorporated as a corporation or LLC and any state where it is registered to transact business or permission to do business in. External compliance requirements typically -- again as we are going to dive into these more in detail are, for example, maintaining a registered agent , business licenses and permits, initial and annual report filing, fictitious business names , doing business in multiple states or foreign qualifying in multiple states, making changes to your corporation or LLC by filing articles of amendment . Articles of Dissolution and filing them properly when it comes to an inactive business where you need to close down the business entity. Moving on and diving in more deeply into the internal compliance requirement that a corporation or LLC has to comply with on a yearly basis, first and foremost is EIN. And EIN also referred to as an employer identification number , also known as a federal tax ID number. It's a way for the IRS to identify a business and track its transaction and typically it's assigned to a corporation or LLC when that corporation or LLC comes into life. If a company is a corporation or LLC, and EIN is mandatory, also referred to as a 95 number and a tax ID number. It's like giving birth to a baby, when you form a corporation or LLC, just like when you give birth to a baby, you have to have an EIN for that. You have to& -- Obtain that. Like? The bank will not first of all open a bank account for the corporation or LLC. First and foremost, if you open a corporation, you have to obtain and assign a tax ID number for that corporation. If you don't know how to do it, again, reach out to us and we can assist you with the steps. If a company has no employees and operates as a sole proprietorship or partnership, and EIN is still ideal and one can obtain an EIN for a sole proprietorship or partnership instead of using their personal Social Security number. But again it's not mandatory, however, we often encourage

even for a sole proprietorship or partnership that one applies for an EIN instead of using the owners Social Security number. As I mentioned, your bank is going to require the EIN to open up a bank account. Bylaws or another internal compliance requirement for a corporation or LLC. The bylaws really are they set of rules that govern the corporation or LLC. It's really the company's roles and how the shareholders of that corporation want that corporation to be conducted. For corporations, typically bylaws are what are associated with corporations, bylaws and minutes and for LLC, operating agreements is what really controls the LLC. As you see here on this slide I set out the bullets as to really what typically goes into a bylaw and your bylaws have to have -- and have to be customized according to your state statutes with a corporation or LLC is located , specifically for corporations. In most states you are required to submit your bylaws when you first apply is a corporation. Especially when you open up a bank account but, again, states vary in bankrolls very so check with your state and your banking requirements. In general when you open up a corporation, no matter what type of corporation it is, bylaws are required. Another requirement that is an absolute requirement for a corporation is annual meeting minutes. No matter how small your corporation is, if you have a corporation and conducting your business as a corporation, you must have annual meeting minutes drafted each year, even if you are a single man corporation. This is not applied to LLCs. Again LLCs do not require any meeting minutes, however, if you have a corporation whether it's a C Corporation or S Corporation and if you are a single member corporation -- single shareholder corporation, again, you are required to have annual meeting minutes for the corporation. Failure to do so can put that corporation into noncompliance and can risk having that [ Indiscernible ] and them coming after you personally. Annual meeting minutes are a huge requirement , and again, take it from me. I've had personal experiences here where my annual meeting minutes or one of my entities was not complied with and was not in order, and it really bit me in the tushie . Make sure you maintain annual meeting minutes on a yearly basis . This is a service that we can definitely assist you with if you have questions around it. Feel free to reach out to us. As I was talking to you, and operating agreement is a internal requirement for an LLC. Like corporations, LLCs -- although they have minimal formalities -- that formality is really -- it really boils down to the operating agreement. LLCs, as I mentioned, you get the best of both worlds. You get to have that unlimited asset protection and liability protection but without all the formalities. The single document that controls the LLC to make sure all members of the LLC understand roles and responsibilities is what is called the LLC operating agreement. As an LLC, if you are running your business as an LLC or planning on creating an LLC, and operating agreement is required and it's definitely required for you to maintain it and keep it up-to-date at the principal place of business. Again, it's not a requirement by the state for you to file this operating agreement along with the articles of organization when you bring the LLC to an existence but however it is definitely an internal compliance requirement that must be complied with to keep the LLC in compliance and in good standing as long as the LLC is active. Now we are going to go and talk about external compliance requirements . As I mentioned to you we have internal compliance requirements which we just attended two and covered in detail and now we have external compliance requirements. As I mentioned, external compliance requirements typically are requirements that are officially required by the state and typically first and foremost is maintaining a registered agent. If you are running your business as a corporation or LLC, maintaining your registered agent for that corporation or LLC is definitely required. Typically when maintaining a registered agent for that state, that registered agent has to be within the state where the corporation or LLC is located. They have to be 18 years or older and that registered agent has to have a physical office within the state with a corporation or LLC being set up. That registered agent cannot be a PO Box or private mailbox and it cannot be a business. It has to be an actual human that is within that address and is active at that address and can accept service of process between 8:00 and 5:00 daily for that corporation or LLC. Failure to maintain a properly activated registered agent that is recognized by the state will oftentimes put that corporation or LLC into bad standing. Another requirement as an external requirement is making sure you have the proper business licenses and permits for your company, whether it's a corporation or LLC. Typically when we set up a corporation or LLC we are setting the foundation, the structure of the business. In order for a business owner to be able to operate that business, it's like driving a car. You purchased the car, however, you have to have a license to be able to operate that car. Similarly with a business you have to first set up the business structure for that business and then afterwards you have to obtain the necessary licenses and permits to be able to operate that business within your state. So you have to definitely check with your states , you know, local and licensing bureaus to see what business licenses and permits your specific business requires to make sure you are up-to-date with all your business licenses and permits. Another very important step to making sure you are keeping your business in good standing, especially when coming to corporations and LLCs, in most states and in every state except for Ohio and Alabama , when you are running your business as a corporation or LLC, you have to file what is called an annual statement of information in those states on an annual basis when you set up your business as a corporation or LLC. Typically most states require some sort of an annual filing in this is a filing that is filed with the state on an annual or biannual basis with a very minimal filing fee. In those states that requires this annual filing, some of them, maybe a handful of states, also require an initial statement

to be filed. Once the corporation or LLC comes into existence, and typically the initial report is filed immediately after the corporation comes into existence. For example, Nevada requires it at the time of filing, California, for example, requires the initial within 90 days of the corporation or LLC being filed. And then there are some other states that have a filing requirement as an initial statement of information. In addition, to those states requiring annual statement of information but again we have listed the requirements for each state within the handout that you can download. Failure to file your initial report or annual report on a timely basis can cause the LLC or Corporation to go into bad standing and oftentimes if you fail to file it the state can dissolve that company unless you pay the necessary filing fees and file those to bring back that company to good standing. Check with your state or reach out and we would be glad to help you with this as well. Another external filing requirement is a doing business as filing, again , I want to make sure I have enough time to answer most of your questions but generally speaking, "Doing Business As" filing referred to as a fictitious business name or assumed business name, let's the public know who the real owner of the businesses. Again you can set this up as a sole proprietorship if you are running the business as a sole proprietorship or partnership. As a corporation or LLC, if you want them to do business under a variety names other than the corporation or LLC, then the corporation or LLC can file what is called a doing business as filing which is also an external compliance requirement. For those corporations and LLCs who are expanding, and who want to do business in more than one state, we need to address qualification filings. To legally conduct business in a state besides the state where the LLC or Corporation was initially formed, you definitely need to consider foreign qualifying within those other states that the corporation or LLC is conducting business in. Examples of when a foreign qualification is needed for the corporation or LLC is if the corporation or LLC is having a physical presence or [ Indiscernible ] other than the original state. If you apply for a business license in another state, if you have employees in another state and you need to apply for employer tax registration or withholding tax registration . If you are charging a tax in a different state, a lot of different scenarios, however if you have a corporation or LLC and of the corporation or LLC is planning on conducting business in any state other than the original state, you definitely want to look into foreign qualifying that business and definitely consider planning ahead before qualifying that business because there's a lot of steps that come into play and failure to do so, especially I see my clients get hit with a ton of tax penalties is when they are starting to do business in multiple states and have employees in those states. Definitely looking to form qualifying

if your corporation or LLC is doing business in multiple states. Another external compliance requirement which is very very important, especially now that we are approaching the end of the year is if your corporation or LLC is planning on moving addresses, changing the company name, any contact information, if you are planning on changing your registered agent, if you want to authorize more shares for the corporation, you definitely want to make these changes and file these changes and put the Secretary of State on notice. The way you can make these changes is by filing what are called Articles of Amendment with your Secretary of State office where the corporation or LLC is located. This is a mandatory filing. It can be done rather quickly. There is state filing fees associated with it, but for a corporation or LLC there's going to be any changes, it is required that

Articles of Amendment be filed with that state where the corporation or LLC is located. Lastly, we talked briefly about when you have an inactive business. As we are approaching the end of the year a lot of small businesses consider formally, you know, closing up shop and putting up the mandatory

for a closed sign. If a business is operating as an LLC or Corporation and if you guys are planning on closing that business, formally, before the 2020 tax year or new year, it's really important that you guys formally dissolve that corporation or LLC for multiple reasons. Number one, and first and foremost, you do not want to go into 2020

with an inactive business because, guess what? Although it's inactive you're still going to have to file tax returns for that business if it's not formally dissolved with the state. If you have a business which you are planning on formally closing up , you have to -- especially a corporation or LLC, you have to formally dissolve that legal entity with your Secretary of State office by filing what is called Articles of Dissolution or certificate of termination. You definitely want to make sure the business is dissolved and be very proactive about it and make sure you get that filing of the Articles of Dissolution with the filing date before 2020. You definitely want a 2019 filing date so you do not have to file another set of tax returns for the 2020 tax year. There are a lot of year and due dates and deadlines requirements, and again as I mentioned and as I have been reminding you guys and really honing on this, there's tons of things that we have to comply with and failure to do so is going to put your company -- whether it's a corporation or LLC -- into bad standing. Filing deadlines differ from state to state and I mentioned -- we haven't have a handout that varies from state to state. Here's a few examples along with other state specific compliance requirements. For example, in Washington if you are thinking about setting up a corporation or LLC in Washington, there is a A, B, or C work filing requirement is a business license at the time you are forming along with other states such as Nevada. New Jersey there is a NJ-REG filing which is a business requirement and at the same time you are forming. For Delaware there is a mandatory June 1, Florida is May 1st, Texas is May 15th. Please refer to the handout for your state specific deadlines and requirements when it comes to compliance deadlines for your corporation or LLC. Question becomes why is it so important to stay in compliance and what are the consequences for noncompliance?

The question I was get for my clients is what happens if I failed to meet the requirements or don't meet them on time? And keep Mike corporation or LLC and corporate compliance -- first and foremost, you are going to risk piercing that corporate veil. That corporate shield that surrounds you -- that bubble that surrounds you when you go to form a corporation or LLC. In addition, once that corporate veil is lost, guess what? All of your personal assets, anything you own personally is up for grabs. First and foremost you risk piercing the corporate veil when you do not keep that corporation or LLC in compliance. Other reasons, the state can levy interest on payments that are owed by the Corporation or LLC. Of that corporation or LLC fails to meet its filing fee deadline , it can also poorly affect financing and business transactions. It can delay your business expansion into other states. As we talked about foreign qualification, when you want to foreign qualify that corporation or LLC and expanded to multiple states, the state you are expanding and, in order for them to grant you permission to start conducting business within the space, they are going to ask you for what is called a certificate of good standing from that original state that the corporation is set up in and if that original corporation or LLC is in bad standing, it's going to delay your business expansion into other states. Lastly if you are not in compliance, as I mentioned, the state could administratively dissolve your corporation or LLC and when they administer or dissolve , guess what? You are not a corporation or LLC anymore and you have lost any type of personal asset protection or liability protection. At the end of the day, the message of the day is if you have a corporation or LLC, make sure you are planning ahead and make sure the corporation or LLC is in good standing or prepare to take the necessary steps to meet those filing deadlines to keep that corporation or LLC and good standing before 2020 hits. We have some great helpful resources here for you. And for you to refer to when it comes to compliance resources, there are tools and resources to help you stay compliant with your state and the end of the year and to and that you're in good legal standing. For example, the first place I would urge you to go if you have a corporation or LLC is the Secretary of State's website for your state, the SBA has a great compliance guide and for those of you who have an active corporation or LLC, you can register it in our business structure , business information zone here at CorpNet. We have a great free compliance monitoring tool called CorpNet BIZ where you can register your corporation or LLC free of charge and we will monitor it for you free and provide you with alerts , filing dates and deadlines for your corporation or LLC. Check out these resources and let us know how we can help. This ends and concludes my presentation and my webinar . It's been a pleasure presenting to all of you. Again, if you have any questions, please reach out to us at

the website. For those of you that came in late or missed any portion of this webinar, we will be sending you a link of the recorded live webinar. Check out

CorpNet.com if you are thinking about starting a business or set up an LLC, check it out . Visit our website and we would love to help you set up your corporation or LLC in any of the 50 states. If you have questions about an existing business send us your questions and we'd love to assist you and I'm going to go ahead and wrap it up here and pass it back to Alexa as she opens up our Q&A session. Alexa?

Sounds great. Thank you so much, Nellie. We will go ahead and start the Q&A portion of our call. We are going to do our best to address as many questions as we can in the time remaining. We have been receiving so many fantastic questions and we definitely have more questions than time does allow us to answer so as Nellie mentioned, we are going to be sending everybody the slide deck after the session today. You can also download it from within the web player itself but we will also send it to you. It contains the contact information for CorpNet if you would like to reach out there for further assistance and you can also reach out to your SCORE mentor after the session who can provide you free assistance with your business needs and helping you apply the strategies. You will want to do that at

SCORE.org. We have had quite a few questions come in around the meeting minutes requirements and the questions around if you are an LLC or S Corporation, let's say you have one employee. Do you need annual meeting if it's just one person in the meeting? Can you talk about that a little more please?

Absolutely. As I mentioned in the webinar when I was talking about annual meeting minutes, no matter how small your corporation is, if you have a corporation , annual meeting minutes do not apply to LLCs. LLCs because of the limited formalities, they are not required to maintain annual meeting minutes for the LLC but when it comes to corporations, whether you are an S Corporation or C Corporation or any type of a corporation, nonprofit, professional -- and no matter how -- the number of shareholders within the corporation, even if it's one, you are required to maintain annual meeting minutes on a yearly basis from the minute that corporation has come into existence and failure to do so will cause that corporation to go into bad standing. I happen to know this from personal experience because of the fact that in the past, you know, I'm a serial entrepreneur and I run multiple businesses and often times when you are so successful the IRS is going to audit you . Back in the day -- about 10 years ago I got audited and I had a corporation and I had failed to maintain annual meeting minutes for my corporation. The IRS really, you know, came down hard on me and I learned a very hard way so no matter how small your business is whether it is you having an annual meeting minute with yourself on a yearly basis, you have to maintain annual meeting minutes for a corporation. And we have a great service that can assist you for those of you who have failed to file these annual meeting minutes and have had a corporation for a long time. We can do a retraction for you and get you up to date by not only creating and drafting annual meeting minutes for past years for you but also for your succumb. Definitely make this a very big checklist on the top of your to do list when it comes to planning ahead and getting your company ready for 2020. >> Okay. The next question, this comes to us from Kathy. She says she is currently changing from an LLC to a PLLC , will she need to file to tax forms for 2019 if she does not delay the change date? >> That is something that has to be answered by a tax expert. Generally speaking, when you are simply changing the entity type from an LLC to a PLLC, the general answer is that you don't need to file two sets of tax forms because it is just an entity restructuring . However, you definitely want to check with your states tax laws, but in general because it's just a restructuring of that entity, I don't believe that to tax filings would be required.

All right. The next question, this comes from Bobby. What happens to debt and taxes in the business

that the business is carrying if the owner passes away? Under an LLC?

Generally that really is delineated in the operating agreement. That should be , you know, delineated and agreed to by the members of the LLC. So really in this case, the LLC operating agreement would control depending on how the LLC operating agreement was initially set up to deal with this type of issue. When one of the LLC members passes on.

All right. The next question is from Maureen saying they are an S Corporation presently and wanting to change to a C Corporation. Is it better to wait until 2020 two change or do it now? >> Again this is a question that you should definitely consult your CPA or financial advisor on. However, currently if you are wanting to, you know, change from a C Corporation to an S Corporation, first you have to see whether you are going to meet those filing requirements . And I believe the question, Alexa,

was this person wanting to change from an S Corporation to a C Corporation?

Right. Exactly.

Yeah, in that case there are no filing requirements that need to be met. Again, generally speaking, if it is going to give you a better tax advantage and a better tax consequence, then the sooner the better.

Okay. Next question is from Stacy. Stacy is asking if you have an LLC operating agreement, do you also have to have bylaws?

Again, bylaws do not apply to LLCs. They only apply to corporations . For a properly managed LLC, the operating agreement is the single piece of document that controls the LLC and is required for an LLC. Bylaws are not required. >> All right. Nellie, next question. This has come in from a few folks asking if there's any special or different tips related to nonprofits ? And if you want to establish a nonprofit, should you set up an LLC first?

Okay. A nonprofit corporation by its name is a corporation, but it is planning on conducting business for a nonprofitable type of purpose. So when you set up a nonprofit, again, it's a different entity structure than an LLC so a nonprofit is really a corporation that is intending to do business not for a profit and the steps to bring in nonprofit into existence is by filing articles of incorporation within your Secretary of State's office for the type of purpose that the nonprofit is intended to be set up for. It can be for religious purposes, public purses, mutual benefit, any type of charitable purpose. Once that is established, afterwards if that corporation intends to and wants to apply for any type of tax exempt status, it is the second step filing process that needs to be applied with the IRS and you can get tax exempt status for that nonprofit corporation that a nonprofit corporation is different than an LLC and LLCs typically is a structure that is set up to conduct business for profit.

This next question is from Rory asking if you could elaborate a little bit further on staying in compliance when you are registered in one state and operating in a second?

Generally speaking when you have a corporation in one state and are for an qualified in multiple states, when it comes to compliance requirements each of those corporations and LLCs in each of those states has to be complied with and complied with their specific state requirements when it comes to any type of compliance filing. Just because your corporation or LLC and you are for an qualified that in another state, it doesn't mean you don't comply with those other states , you are also conducting business in, any state you conduct business in, you have to comply with their compliance requirements and the state requirements afforded to corporations or LLCs when it comes to compliance filing.

Okay. Next question is from Shannon. Asking if you started an LLC and registered with the state at the beginning of the year, so in January, but has not been active yet or made any revenue. Are there special requirements that are needed other than those mentioned today?

No, not really. If you have an LLC and you haven't really started doing business under the LLC, before you start I would encourage you to check with the state that you are registered as an LLC to make sure the LLC is active and in good standing. If you are still planning on, you know, running the business under the LLC. But generally no, there's no other additional requirements required. I would just encourage you to check with your state and check on the status of that LLC if you are planning to start activating and running your business as an LLC.

Okay. Those are all the questions that we have time for today. Ladies and gentlemen, if we did not have a chance to address your question during this live webinar, we encourage you -- the slide deck contains CorpNet contact information as well. If you would like to reach out for further assistance . On behalf of SCORE I would like to thank you for taking the time out of your day to attend this live session and give a very big thank you to Nellie Akalp for presenting with us as well. Thank you so much.

My pleasure. Thank you for having me again, and again we are here for you. Please check out

CorpNet.com . Send us your info and if you have any questions -- I hope I've given you all the tips and insights you need to keep your business in good legal standing as we approach the 2020 new year. >> I'm excited to announce that registration is now open for the fall Startup Success Annual Conference . It's being hosted by SCORE and FedEx. This is a free half-day event being held on October 24 from

noon to 5 p.m. Eastern time. The event will consist of nine educational webinars, one-on-one mentoring, networking, a wealth of resources to help you with the success of your business. You can sign up by going to SCORE.org

or www.score.org/take-workshop. Thanks again, everyone and I hope you have a great rest of your day. Take care. [ Event Concluded ]