



## **Business Formation**

- What are your goals for the brewery?
  - Is this an investment you want to sell later and make money off the sale?
  - Do you want the brewery to be large enough to support you?
  - Do you want to leave something to your heirs?
- Who will be part of the entity?
  - Do you want a co-founder, or do you want to go it alone?
    - What are your strengths?
    - What are your weaknesses?
  - How much of the entity will you, your partner, or potential investors control?
  - How will you manage disagreements between you and your potential partner?
- Financial Issues:
  - Will you and your partner put money or assets in? How much?
  - How will you divide profits and losses between you and your co-founder? Proportionally? Equally? (Discuss with a tax professional as well)
  - How much money do you need for your ideal brewery?
  - How will you raise funds?
  - What will each founder be contributing that is not cash? Equipment, recipes, etc.
- How will you handle the business ending?
  - Business failure
  - Divorce
  - Death
  - Partner wants to leave
  - Sale of the business
- Choose an entity type.
  - Speak to a lawyer about the legal implications of the various forms.
  - Speak to a CPA about the tax implications of the various forms.
- Necessary Documents.
  - Articles of Incorporation (Corporations) / Articles of Organization (LLCs).
  - Statement of Information (both corporations and LLCs).
  - Bylaws (Corporations) / Operating Agreement (LLCs/Partnerships)
  - Founders Agreement between the founding partners.
  - Assignment of non-cash contributions to the new entity.
  - Shareholders Agreements to govern how and to who the securities can be sold.
  - Organizational Minutes.
  - Federal Employer Identification Number.
  - S Corporation election form 2553 (available for corporations and LLCs). Needs to be filed within 2 months and 15 days from when the Articles are filed.
  - Securities Laws Filings:
    - State required forms
    - SEC - Form D – Due within 15 days of the first sale of securities. If you are selling stock to anyone other than your Founders, please talk to a securities attorney.
  - Stock Certificates.
  - Local business license.