

# **STARTING & OPERATING A BUSINESS IN FLORIDA**

## **Start-Up Guide**



### **PALM BEACH COUNTY**

### **OFFICE OF SMALL BUSINESS DEVELOPMENT**

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[www.pbc.gov/HED/osbd/Pages/default.aspx](http://www.pbc.gov/HED/osbd/Pages/default.aspx)



**Palm Beach County  
Board of County Commissioners**

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## IMPORTANT QUESTIONS TO ASK YOURSELF BEFORE STARTING A BUSINESS

[www.sba.com](http://www.sba.com)

1. Do you enjoy making decisions and being in charge?  
A) Not at all      B) Most of the time      C) Sometimes      D) Definitely
2. What is the most important quality for an entrepreneur to have?  
A) A strong drive to make money      B) Being a risk-taker  
C) Being well-organized      D) Willingness to take the initiative
3. How much money do you have in savings?  
A) None      B) Less than \$10,000      C) \$10,000 - \$25,000      D) More than \$25,000
4. Are you are flexible and can adapt quickly to changing circumstances?  
A) Not at all      B) Most of the time      C) Sometimes      D) Definitely
5. Are you good at both short-term and long-term planning?  
A) Not at all      B) Most of the time      C) Sometimes      D) Definitely
6. Do you like to take risks?  
A) Not at all      B) Most of the time      C) Sometimes      D) Definitely
7. Do you expect your total household income to rise within one year of starting a business?  
A) Yes      B) No
8. Are you good at following through on your ideas/plans/projects?  
A) Yes      B) No
9. Are you willing to invest 50, 60 or 70 hours a week to run a business?  
A) Yes      B) No
10. Are you self-motivated?  
A) Yes      B) No
11. Do you have good credit  
A) Yes      B) No

The correct answer for questions 1 – 6 is letter “D”. If you haven’t been able to answer at least 5 of these questions correctly and your response was not “yes” to at least 3 of questions 7 – 11 of the above, you may want to evaluate more carefully your responsibilities as a small business owner.

# FEASIBILITY OF THE BUSINESS IDEA

## Is your business idea a good one?

There is no magic answer to this question. Experience has shown that some of the most bizarre ideas, such as the concept of a personal computer have turned into successful businesses, while some have not.

It's important to look critically and impartially at your business idea when determining whether or not it's worth investing your time and money. It can be difficult to remain impartial about an idea you're passionate about, so talk to a business advisor to get a qualified and objective perspective.

While there are no guarantees that your business will succeed, a feasibility study will help you determine whether your idea will make a profit before you make a financial commitment.

It's important to remember that what is considered feasible may differ greatly from person to person depending on the return on investment they want and the risk they're willing to take on.

In your feasibility study you should analyze your business idea, market and competitive advantage as well as the financial feasibility of the business.

## Analyze the business idea

In this first stage of your feasibility study you need to look objectively at the idea and determine its profitability. This objective analysis would include:

- assessing the market size;
- assessing the competitive advantage of your idea;
- obtaining independent endorsement of the idea;
- assessing capital requirements;
- considering your management ability; and
- finding out if anyone else has tried your business idea, and if they failed - why?
- Market analysis

Once you have determined there is a market for the product or service you are planning to supply, you need to conduct some more research which should include the following:

**Demand analysis:** determine the type of demand that exists for your product or service (ie: consumer, distributor), and establish the size of the market and its growth capacity.

**Supply analysis:** look at the life cycle of the industry. Is it the right time for you to be entering it? Also study the way the industry is structured and think about how that will affect your business.

**Relationship analysis:** how do the various groups within the industry interact? What is the bargaining power of buyers and suppliers? Is there a threat of substitute products or new entrants?

## **Competitive advantage analysis**

Now that you've established that your idea is a good one and that there is a market for what you are offering, you need to determine what makes your product or service special. Ask yourself these questions:

How is my product or service different from those offered by my competitors?

Why will customers purchase the product or service from me rather than my competitors?

Are there any barriers to me entering the market?

What makes my competitors successful?

## **Financial feasibility analysis**

The final part of your study should address the financial feasibility of the business idea which involves the following:

- preparing a sales forecast;
- estimating start-up and working capital requirements;
- estimating profitability; and
- assessing financial viability

# 10 STEPS TO STARTING YOUR OWN BUSINESS

[www.sba.com](http://www.sba.com)

## 1. Take time to brainstorm.

An idea is great, but you need to be able to give it legs. Your job as a new entrepreneur and future business owner is to think about every aspect of your business. Come up with answers to every question a stranger or potential investor might ask you. For example try to answer these questions:

Who is the target market for the product?

What could go wrong and how will you solve it?

Are there additional products or services that could tie into your main offering?

Who are my competitors and how will my company be different from them?

By preparing answers to these questions ahead of time, you'll come across as a more confident and trustworthy business owner when it comes time to try to attract the attention of the right stakeholders.

## 2. Get over the company-name thing.

Don't agonize endlessly over dreaming up the perfect company name. Don't. If you're waiting until you come up with the perfect name, you're also waiting to start making money.

Instead, at least for now, forget branding and unique selling propositions and all the business-identity stuff. And don't worry about finding the perfect URL or website design or promotional literature. You're putting those carts way before your business horse.

Just pick a name so you can get the administrative ball rolling.

Remember, your business can operate under a different name than your company name. (A Fictitious Name form takes minutes to complete.) And you can change your company name later, if you like.

## 3. Get your Employer Identification number (EIN).

An **EIN** is the federal tax number used to identify your business. You don't need an EIN unless you will have employees or plan to form a partnership, LLC, or corporation.

But even if you don't need an EIN, get one anyway: It's free, takes minutes, and you can keep your Social Security number private and reduce the chance of identity theft, because if you don't have an EIN, your SSN identifies your business for tax purposes.

Note: If you're using an online legal service to set up an LLC or corporation, don't use it to get your EIN. Instead, **apply online at the IRS website**. You'll have your EIN within minutes.

## 4. Register your trade name.

If you won't operate under your own name, the state requires you to register a trade name. In most cases, you'll get approved the same day. You can file your name online with the Florida Department of State, Division of Corporations at: <http://www.sunbiz.org>.

## 5. Get your Business Tax Receipt.

The county and city will require a Business Tax Receipt license. The form takes minutes to fill out. Use your EIN instead of your Social Security number to identify your business (for privacy reasons if nothing else). If your business is located in an unincorporated area, only a County Business Tax Receipt will be required.

[www.pbctax.com](http://www.pbctax.com) 561-355-2272 press #4

You may be asked to estimate annual gross receipts. Do your best to estimate accurately, but don't agonize over it. You're just providing an estimate.

**6. Complete a business personal-property tax form (if necessary).**

Businesses are taxed on "personal" property, just like individuals. If you are required to file a business personal-property tax form and you plan to work from home using computers, tools, etc., that you already own, you won't need to list those items.

If you purchase tangible personal property during your first year in business, you will list those items when you file your business personal property tax form (**DR-405**) with the Florida Department of Revenue the following year.

**7. Ask your municipal government office about other permits.**

Every municipality has different requirements. A Business Tax Receipt is required to verify that a business meets zoning requirements.

Your locality may require other permits. Ask they'll tell you.

**8. Get a certificate of resale (if necessary).**

A seller's permit, also known as an Annual Resale Certificate (**Form DR-13**), allows you to collect state sales tax on products sold. (There is no sales tax on services.)

If you will sell products, you must register with the Florida Department of Revenue to receive this certificate.

**9. Get a business bank account.**

One of the easiest ways to screw up your business accounting and possibly run afoul of the IRS is to commingle personal and business funds (and transactions). Using a business account for all business transactions eliminates that possibility.

Get a business account using your business name and EIN, and only use that account for all business related deposits, withdrawals, and transactions.

Pick a bank or credit union that is convenient. Check out your local credit unions; they often provide better deals than banks.

**10. Set up a simple accounting spreadsheet.**

Worry about business accounting software like QuickBooks later. For now, just create a spreadsheet on which you can enter money you spend and money you receive.

Bookkeeping is simple, at least at first. All you need are revenue and expenses columns; you can add line items as you go.

Instead of spending hours playing with accounting software, dreaming up potential expense and income categories, and creating fancy reports with no data, spend that time generating revenue. As long as you record everything you do now, creating a more formal system later will be fairly easy. It will also be more fun, because then you'll have real data to enter.

And now you're an entrepreneur, with all the documents to prove it.

## WHAT IS A FICTITIOUS NAME?

In Florida, a Fictitious Name Registration lets the public know who the real owner of a business is. The Fictitious Name is also called a DBA or Assumed Business Name. It got its origins as a form of consumer protection, so business owners can't try to avoid legal trouble by operating under a different name.

When someone files a Fictitious Name Registration, it's normally circulated in some kind of print newspaper. It lets the community know exactly what people are behind a business.

### Do You Need a Fictitious Name?

In general, there are two reasons why a business in Florida will need to get a Fictitious Name:

**1. For sole proprietors:** If you're operating your business as a sole proprietor, then you'll need to file for a Fictitious Name if your business has a different name than your own name. So, let's say you started a catering business called Grand Catering Events; I'll need to file for a DBA for "Grand Catering Events."

There are a few other details to know. In some cases, you don't need a Fictitious Name if your business name is a combination of your name and a description of your product or service. In this case, if my business was called Paul Raguso Catering Service, I may not need a Fictitious Name. But, if it's just my first name (aka Paul's Catering Service), then a Fictitious Name is required.

**2. For corporations and LLCs:** If you have filed to become a corporation or LLC, then you've already registered your business name and don't need a Fictitious Name. However, you will need to get a Fictitious Name if you plan on conducting business using a name that's different than the name filed with your LLC/corporation paperwork.

So back to my Catering business! you incorporated your business as Grand Catering Events. Your business will need to file a Fictitious Name in order to operate under "Grandcateringevents.com" or "Grand Catering." Likewise, if you opened a store front, you will need a DBA for "Grand Catering Bistro." In short, you'll need a DBA to operate with any kind of variation of your original name.

## The Importance of a Fictitious Name

I'm sure this sounds like a lot of unnecessary, extraneous paperwork. Yet there actually are a few important reasons to get your Fictitious Name in order.

- 1.** It's the easiest way to register your name: If you're a sole proprietor, then filing for a Fictitious Name is going to be the simplest and least expensive way to use a business name. You can create a separate professional business identity, without having to form an LLC or corporation. And for sole proprietors, a Fictitious Name is required in order to open a bank account and receive payments in the name of your business.
- 2.** For LLCs or corporations, a Fictitious Name will let you operate multiple businesses without having to form a separate LLC or corporation for each business. Let's say your business wants to expand into multiple websites, stores, restaurants, services, etc. You can create a corporation with a relatively generic name and use a Fictitious Name for each individual business. This will cut down on your paperwork and expenses when you're operating multiple projects.
- 3.** Keeps your business compliant: If your business is an LLC or corporation, you enjoy certain legal protections. However, these protections may be invalidated if you're operating under a different name and didn't file for a Fictitious Name. For example, I may have incorporated Grand Catering Events, Inc. But if I sign a client contract under Grand Catering (or some other variation like that), that contract may not hold up in court.

### Filing a DBA

The rules, requirements, forms and fees associated with filing a Fictitious Name can be found on the Florida Department of State Divisions of Corporation's website: <http://www.sunbiz.org>. A registration with the State does not reserve or protect a fictitious name against use by another party, nor does it provide rights to the use of a trade name, trademark, service mark or corporate name. The Florida Division of Corporations does not screen names submitted for registration against any other recorded information. Applicants must check the Division's website to see if the name is already in use.

# APPLICATION FOR REGISTRATION OF FICTITIOUS NAME

Note: Acknowledgments/certificates will be sent to the address in Section 1 only.

Section 1

1. \_\_\_\_\_  
Fictitious Name to be Registered (see instructions for certain prohibited words, abbreviations and designations)

2. \_\_\_\_\_  
Mailing Address of Business

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

3. Florida County of principal place of business: \_\_\_\_\_  
\_\_\_\_\_  
(see instructions if more than one county)

4. FEI Number of Business: \_\_\_\_\_

**This space for office use only**

Section 2

**A. Registrant if individual(s): (Use an attachment if necessary):**

1. Last \_\_\_\_\_ First \_\_\_\_\_ M.I. \_\_\_\_\_ 2. Last \_\_\_\_\_ First \_\_\_\_\_ M.I. \_\_\_\_\_  
Address \_\_\_\_\_ Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**B. Registrant if other than an individual(s): (Use an attachment if necessary):**

1. Entity Name \_\_\_\_\_ 2. Entity Name \_\_\_\_\_  
Address \_\_\_\_\_ Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Florida Document Number: \_\_\_\_\_ Florida Document Number: \_\_\_\_\_

FEI Number: \_\_\_\_\_ FEI Number: \_\_\_\_\_

Applied for     Not Applicable                       Applied for     Not Applicable

Section 3

I the undersigned, being a registrant for the above fictitious name, certify that the information indicated on this form is true and accurate. In accordance with Section 865.09, F.S., I further certify that the intention to register the fictitious name to be registered has been advertised at least once in a newspaper as defined in chapter 50, Florida Statutes, in the county in which the principal place of business of the registrant is or will be located. I understand that the signature below shall have the same legal effect as if made under oath and I am aware that false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S.

Signature of Registrant in Section 2 \_\_\_\_\_ Date \_\_\_\_\_ Email address: (to be used for future renewal notifications) \_\_\_\_\_

Section 4

**FOR CANCELLATIONS, COMPLETE THIS SECTION 4 ONLY:  
FOR FICTITIOUS NAME REGISTRATION CHANGE, COMPLETE SECTIONS 1 THROUGH 4:**

I (we) the undersigned, hereby cancel the fictitious name \_\_\_\_\_, which was registered on \_\_\_\_\_ and assigned registration number \_\_\_\_\_.

Signature of Registrant Whose Registration is Being Cancelled \_\_\_\_\_ Date \_\_\_\_\_ Signature of Registrant Whose Registration is Being Cancelled \_\_\_\_\_ Date \_\_\_\_\_

Mark the applicable boxes     Certificate of Status - \$10     Certified Copy - \$30

**NON-REFUNDABLE PROCESSING FEE: \$50**

# Instructions for Completing Application for Registration of Fictitious Name

**Section 1:** **Line 1:** Enter the name as you wish it to be registered. A fictitious name may not contain words, abbreviations or designations that comprise a business entity suffix or indicator (e.g., "Corporation," "Incorporated," "Professional Association," "Limited Liability Company," "Professional Limited Liability Company," "Limited Liability Partnership," "Limited Partnership," "Corp.," "Inc.," "P.A.," "L.L.C.," "P.L.L.C.," "L.L.P.," "L.P.," etc.) unless the person or business for which the name is registered is a business entity of the same type duly incorporated, organized, formed or registered in Florida or otherwise authorized to transact business in Florida. Business entities are not required to file under their exact entity name.

Section 655.922, Florida Statutes, prohibits anyone other than financial institutions to use the word(s) "bank," "banc," "banco," "banque," "banker," "trust company," "savings and loan association," "savings bank," or "credit union," or words of similar import.

**Line 2:** Enter the mailing address of the business. This address does not have to be the principal place of business and can be directed to anyone's attention. DO NOT USE AN ADDRESS THAT IS NOT YET OCCUPIED. ALL FUTURE MAILINGS AND ANY CERTIFICATION REQUESTED ON THIS REGISTRATION FORM WILL BE SENT TO THE ADDRESS IN SECTION 1. An address may be changed at any future date with no charge by simply writing the Division.

**Line 3:** Enter the name of the county in Florida where the principal place of business of the fictitious name is located. If there is more than one county, list all applicable counties or state "multiple".

**Line 4:** Enter the Federal Employer Identification (FEI) number if known or if applicable. Please do not enter your social security number.

**Section 2:** **Part A:** Complete if the registrant(s) of the fictitious name are individuals. The individual's name and address must be provided.

**Part B:** Complete if the registrant (s) are not individuals. Examples are a corporation, limited liability company, limited partnership, joint venture, general partnership, trusts, etc. Provide the name of the registrant(s), their address(es), their document number(s) as registered with the Division of Corporations, and the Federal Employer Identification (FEI) number. An FEI number must be provided for each registrant or the appropriate box must be checked.

Registrants listed in Part B must be registered with the Division of Corporations or provide documentation as to why they are not required to register. Examples would be Federally Chartered Corporations, or Legislatively created entities.

With respect to a general partnership that is not registered with the Division of Corporations, its partners are the registrants and not the partnership entity. With respect to a general partnership that is registered with the Division of Corporations, the partnership is the registrant.

In order for the fictitious name registration to be filed, each entity that is a registrant must be in active status with the Division of Corporations at the time the fictitious name registration is filed.

Additional registrants may be listed on an attached page as long as all of the information requested in Part A or Part B is provided.

**Section 3:** Signature of the registrant is required. It is preferred that a daytime phone number be provided in order to contact the registrant if there are any questions about the application.

**Section 4:** **TO CANCEL A REGISTRATION ON FILE:** Provide fictitious name, date filed, and registration number of the fictitious name to be cancelled. A registrant's signature is required for cancellation.

**TO CHANGE A REGISTRATION:** Complete section 4 to cancel the original registration. Complete sections 1 through 3 to re-register the fictitious name listing the new registrant(s). A registrant's signature is required in both sections 3 and 4.

**TO CHANGE THE NAME OF A REGISTRATION:** Complete section 4 to cancel the original registration. Complete sections 1 through 3 to re-register the new fictitious name. A registrant's signature is required in both sections 3 and 4.

An acknowledgement letter will be mailed when the fictitious name registration has been filed. The acknowledgement letter and any certification requested will be mailed to the address provided in Section 1. For **Cancellations Only:** please provide a mailing address on an attachment, if the address on our records is no longer valid. To request a certificate of status and/or certified copy, please check the appropriate box(es) and include the additional fee(s) (\$10 for a certificate of status, \$30 for a certified copy).

A registration or a reregistration will be in effect until December 31 of the fifth calendar year, thereafter.

Send completed application with appropriate fees to:

Fictitious Name Registration  
PO Box 6327  
Tallahassee, FL 32314

Internet Address:  
<http://www.sunbiz.org>

Courier Address  
Division of Corporations  
Clifton Building  
2661 Executive Center Circle  
Tallahassee, FL 32301

The fee for registering a fictitious name is \$50. Please make a separate check for each filing payable to the Department of State. Application must be typed or printed in ink and legible.

Single CR4E001 (11/17)

# SELECTING A BUSINESS STRUCTURE

## Sole Proprietorship

A sole proprietorship is the simplest and most common structure chosen to start a business. It is an unincorporated business owned and run by one individual with no distinction between the business and you, the owner. You are entitled to all profits and are responsible for all your business's debts, losses and liabilities.

### Forming a Sole Proprietorship

You do not have to take any formal action to form a sole proprietorship. As long as you are the only owner, this status automatically comes from your business activities. In fact, you may already own one without knowing it. If you are a freelance writer, for example, you are a sole proprietor.

But like all businesses, you need to obtain the necessary licenses and permits. Regulations vary by industry, state and locality. Use the Licensing & Permits tool to find a listing of federal, state and local permits, licenses and registrations you'll need to run a business.

If you choose to operate under a name different than your own, you will most likely have to file a fictitious name (also known as an assumed name, trade name, or DBA name, short for "doing business as"). You must choose an original name; it cannot already be claimed by another business.

### Sole Proprietor Taxes

Because you and your business are one and the same, the business itself is not taxed separately-the sole proprietorship income is your income. You report income and/or losses and expenses with a Schedule C and the standard Form 1040. The "bottom-line amount" from Schedule C transfers to your personal tax return. It's your responsibility to withhold and pay all income taxes, including self-employment and estimated taxes. You can find more information about sole proprietorship taxes and other forms at: <https://www.irs.gov>.

## Limited Liability Company

A limited liability company is a hybrid type of legal structure that provides the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership.

The "owners" of an LLC are referred to as "members." Depending on the state, the members can consist of a single individual (one owner), two or more individuals, corporations or other LLCs.

Unlike shareholders in a corporation, LLCs are not taxed as a separate business entity. Instead, all profits and losses are "passed through" the business to each member of the LLC. LLC members report profits and losses on their personal federal tax returns, just like the owners of a partnership would.

## Forming an LLC

While each state has slight variations to forming an LLC, they all adhere to some general principles:

**Choose a Business Name.** There are 3 rules that your LLC name needs to follow: (1) it must be different from an existing LLC in your state, (2) it must indicate that it's an LLC (such as "LLC" or Limited Company") and (3) it must not include words restricted by your state (such as "bank" and "insurance"). Your business name is automatically registered with your state when you register your business, so you do not have to go through a separate process. Read more here about choosing a business name.

**File the Articles of Organization.** The "articles of organization" is a simple document that legitimizes your LLC and includes information like your business name, address, and the names of its members. For most states, you file with the Secretary of State. However, other states may require that you file with a different office such as the State Corporation Commission, Department of Commerce and Consumer Affairs, Department of Consumer and Regulatory Affairs, or the Division of Corporations & Commercial Code. Note: there may be an associated filing fee.

**Create an Operating Agreement.** Most states do not require agreements. However, an operating agreement is highly recommended for multi-member LLCs because it structures your LLC's finances and organization, and provides rules

and regulations for smooth operation. The operating agreement usually includes percentage of interests, allocation of profits and losses, member's rights and responsibilities and other provisions.

**Obtain Licenses and Permits.** Once your business is registered, you must obtain business licenses and permits. Regulations vary by industry, state and locality. Use the Licensing & Permits tool to find a listing of federal, state and local permits, licenses and registrations you'll need to run a business.

**Hiring Employees.** If you are hiring employees, read more about federal and state regulations for employers.

**Announce Your Business.** Some states, including Arizona and New York, require the extra step of publishing a statement in your local newspaper about your LLC formation. Check with your state's business filing office for requirements in your area.

### **LLC Taxes**

In the eyes of the federal government, an LLC is not a separate tax entity, so the business itself is not taxed. Instead, all federal income taxes are passed on to the LLC's members and are paid through their personal income tax. While the federal government does not tax income on an LLC, some states do, so check with your state's income tax agency.

Since the federal government does not recognize LLC as a business entity for taxation purposes, all LLCs must file as a corporation, partnership, or sole proprietorship tax return. Certain LLCs are automatically classified and taxed as a corporation by federal tax law. For guidelines about how to classify an LLC, visit IRS.gov.

LLCs that are not automatically classified as a corporation can choose their business entity classification. To elect a classification, an LLC must file Form 8832. This form is also used if an LLC wishes to change its classification status. Read more about filing as a corporation or partnership and filing as a single member LLC at IRS.gov.

You should file the following tax forms depending on your classification:

- **Single Member LLC.** A single-member LLC files Form 1040 Schedule C like a sole proprietor.
- **Partners in an LLC.** Partners in an LLC file a Form 1065 partnership tax return like owners in a traditional partnership.
- **LLC filing as a Corporation.** An LLC designated as a corporation files Form 1120, the corporation income tax return.

The IRS guide to Limited Liability Companies provides all relevant tax forms and additional information regarding their purpose and use. <https://www.irs.gov/Forms-&-Pubs>

## **Cooperative**

A cooperative is a business or organization owned by and operated for the benefit of those using its services. Profits and earnings generated by the cooperative are distributed among the members, also known as user-owners.

Typically, an elected board of directors and officers run the cooperative while regular members have voting power to control the direction of the cooperative. Members can become part of the cooperative by purchasing shares, though the amount of shares they hold does not affect the weight of their vote.

Cooperatives are common in the healthcare, retail, agriculture, art and restaurant industries.

### **Forming a Cooperative**

Forming a cooperative is different from forming any other business entity. To start up, a group of potential members must agree on a common need and a strategy on how to meet that need. An organizing committee then conducts exploratory meetings, surveys, and cost and feasibility analyses before every member agrees with the business plan. Not all cooperatives are incorporated, though many choose to do so. If you decide to incorporate your cooperative, you must complete the following steps:

- **File Articles of Incorporation.** The articles of incorporation legitimizes your cooperative and includes information like the name of the cooperative, business location, purpose, duration of existence, and names of the incorporators, and capital structure. Once the charter members (also known as the incorporators) file with your state business entity registration office and the articles are approved, you should create bylaws for your cooperative.

- **Create Bylaws.** While the law does not require bylaws, they do need to comply with state law and are essential to the success of your cooperative. Bylaws list membership requirements, duties, responsibilities and other operational procedures that allow your cooperative to run smoothly. According to most state laws, the majority of your members must adopt articles of incorporation and bylaws. Consult an attorney to verify that your bylaws comply with state laws.
- **Create a Membership Application.** To recruit members and legally verify that they are part of the cooperative, you must create and issue a membership application. Membership applications include names, signatures from the board of directors and member rights and benefits.
- **Conduct a Charter Member Meeting and Elect Directors.** During this meeting, charter members discuss and amend the proposed bylaws. By the end of the meeting, all of the charter members should vote to adopt the bylaws. If the board of directors were not named in the articles of incorporation, you must designate them during the charter meeting.
- **Obtain Licenses and Permits.** You must obtain relevant business licenses and permits. Regulations vary by industry, state and locality. Use our Licensing & Permits tool to find a list of federal, state and local permits, licenses and registrations you'll need to run a business.
- **Hiring Employees.** If you are hiring employees, read more about federal and state regulations for employers.

Each state will have slightly different laws that govern a cooperative. Consult an attorney, your Secretary of State or State Corporation Commissioner for more information regarding your state's specific laws.

### **Cooperative Taxes**

Most businesses need to register with the IRS, register with state and local revenue agencies, and obtain a tax ID number or permit. A cooperative operates as a corporation and receives a "pass-through" designation from the IRS. More specifically, cooperatives do not pay federal income taxes as a business entity.

Instead, the cooperative's members pay federal taxes when they file their personal income tax. Members pay federal and state income tax on the margins earned by the cooperative, though the amount of taxation varies slightly by state. Cooperatives must follow the rules and regulations of the IRS's Subchapter T Cooperatives tax code to receive this type of tax treatment.

To file taxes on income received from cooperatives, please refer to IRS instructions on how to file Form 1099-PATR. More information about taxable distributions received from cooperatives is available at [IRS.gov](http://IRS.gov). If you create a consumer cooperative for retail sales of goods or services that are generally for personal, living, or family, you will need to file Form 3491 Consumer Cooperative Exemption Application for exemption from Form 1099-PATR.

Some cooperatives, like credit unions and rural utility cooperatives, are exempt from federal and state taxes due to the nature of their operations. Check with your state's income tax agency for information about state taxes.

## **Corporation**

### **Corporation (C Corporation)**

A corporation (sometimes referred to as a C corporation) is an independent legal entity owned by shareholders. This means that the corporation itself, not the shareholders that own it, are held legally liable for the actions and debts the business incurs.

Corporations are more complex than other business structures because they tend to have costly administrative fees and complex tax and legal requirements. Because of these issues, corporations are generally suggested for established, larger companies with multiple employees.

For businesses in that position, corporations offer the ability to sell ownership shares in the business through stock offerings. "Going public" through an initial public offering (IPO) is a major selling point in attracting investment capital and high quality employees.

### **Forming a Corporation**

A corporation is formed under the laws of the state in which it is registered. To form a corporation you'll need to establish your business name and register your legal name with your state government. If you choose to operate under a name different than the officially registered name, you'll most likely have to file a fictitious name (also known as an

assumed name, trade name, or DBA name, short for "doing business as"). State laws vary, but generally corporations must include a corporate designation (Corporation, Incorporated, Limited) at the end of the business name.

To register your business as a corporation, you need to file certain documents, typically articles of incorporation, with your state's Secretary of State Office. Some states require corporations to establish directors and issue stock certificates to initial shareholders in the registration process. Contact your state business entity registration office to find out about specific filing requirements in the state where you form your business.

Once your business is registered, you must obtain business licenses and permits. Regulations vary by industry, state and locality. Use our Licensing & Permits tool to find a listing of federal, state and local permits, licenses and registrations you'll need to run a business.

If you are hiring employees, read more about federal and state regulations for employers.

### **Corporation Taxes**

Corporations are required to pay federal, state, and in some cases, local taxes. Most businesses must register with the IRS and state and local revenue agencies, and receive a tax ID number or permit.

When you form a corporation, you create a separate tax-paying entity. Regular corporations are called "C corporations" because Subchapter C of Chapter 1 of the Internal Revenue Code is where you find general tax rules affecting corporations and their shareholders.

Unlike sole proprietors and partnerships, corporations pay income tax on their profits. In some cases, corporations are taxed twice - first, when the company makes a profit, and again when dividends are paid to shareholders on their personal tax returns. Corporations use IRS Form 1120 or 1120-A, U.S. Corporation Income Tax Return to report revenue to the federal government.

Shareholders who are also employees pay income tax on their wages. The corporation and the employee each pay one half of the Social Security and Medicare taxes, but this is usually a deductible business expense.

Read more about tax requirements for Corporations on IRS.gov.

## **Partnership**

A partnership is a single business where two or more people share ownership.

Each partner contributes to all aspects of the business, including money, property, labor or skill. In return, each partner shares in the profits and losses of the business.

Because partnerships entail more than one person in the decision-making process, it's important to discuss a wide variety of issues up front and develop a legal partnership agreement. This agreement should document how future business decisions will be made, including how the partners will divide profits, resolve disputes, change ownership (bring in new partners or buy out current partners) and how to dissolve the partnership. Although partnership agreements are not legally required, they are strongly recommended and it is considered extremely risky to operate without one.

### **Types of Partnerships**

There are three general types of partnership arrangements:

- **General Partnerships** assume that profits, liability and management duties are divided equally among partners. If you opt for an unequal distribution, the percentages assigned to each partner must be documented in the partnership agreement.
- **Limited Partnerships** (also known as a partnership with limited liability) are more complex than general partnerships. Limited partnerships allow partners to have limited liability as well as limited input with management decisions. These limits depend on the extent of each partner's investment percentage. Limited partnerships are attractive to investors of short-term projects.

- **Joint Ventures** act as general partnership, but for only a limited period of time or for a single project. Partners in a joint venture can be recognized as an ongoing partnership if they continue the venture, but they must file as such.

### **Forming a Partnership**

To form a partnership, you must register your business with your state, a process generally done through your Secretary of State's office.

You'll also need to establish your business name. For partnerships, your legal name is the name given in your partnership agreement or the last names of the partners. If you choose to operate under a name different than the officially registered name, you will most likely have to file a fictitious name (also known as an assumed name, trade name, or DBA name, short for "doing business as").

Once your business is registered, you must obtain business licenses and permits. Regulations vary by industry, state and locality. Use our Licensing & Permits tool to find a listing of federal, state and local permits, licenses and registrations you'll need to run a business.

If you are hiring employees, read more about federal and state regulations for employers.

### **Partnership Taxes**

Most businesses will need to register with the IRS, register with state and local revenue agencies, and obtain a tax ID number or permit.

A partnership must file an "annual information return" to report the income, deductions, gains and losses from the business's operations, but the business itself does not pay income tax. Instead, the business "passes through" any profits or losses to its partners. Partners include their respective share of the partnership's income or loss on their personal tax returns.

Partnership taxes generally include:

- Annual Return of Income
- Employment Taxes
- Excise Taxes

Partners in the partnership are responsible for several additional taxes, including:

- Income Tax
- Self-Employment Tax
- Estimated Tax

### **Filing information for partnerships:**

- Partnerships must furnish copies of their Schedule K-1 (Form 1065) to all partners by the date Form 1065 is required to be filed, including extensions.
- Partners are not employees and should not be issued a Form W-2.

The IRS guide to Partnerships provides all relevant tax forms and additional information regarding their purpose and use.

## **S Corporation**

An S corporation (sometimes referred to as an S Corp) is a special type of corporation created through an IRS tax election. An eligible domestic corporation can avoid double taxation (once to the corporation and again to the shareholders) by electing to be treated as an S corporation.

An S corp. is a corporation with the Subchapter S designation from the IRS. To be considered an S corp., you must first charter a business as a corporation in the state where it is headquartered. According to the IRS, S corporations are

"considered by law to be a unique entity, separate and apart from those who own it." This limits the financial liability for which you (the owner, or "shareholder") are responsible. Nevertheless, liability protection is limited - S corps do not necessarily shield you from all litigation such as an employee's tort actions as a result of a workplace incident.

What makes the S corp different from a traditional corporation (C corp.) is that profits and losses can pass through to your personal tax return. Consequently, the business is not taxed itself. Only the shareholders are taxed. There is an important caveat, however: any shareholder who works for the company must pay him or herself "reasonable compensation." Basically, the shareholder must be paid fair market value, or the IRS might reclassify any additional corporate earnings as "wages."

### **Forming an S Corporation**

Before you form an S Corporation, determine if your business will qualify under the IRS stipulations.

To file as an S Corporation, you must first file as a corporation. After you are considered a corporation, all shareholders must sign and file Form 2553 to elect your corporation to become an S Corporation.

Once your business is registered, you must obtain business licenses and permits. Regulations vary by industry, state and locality. Use the Licensing & Permits tool to find a listing of federal, state and local permits, licenses, and registrations you'll need to run a business.

If you are hiring employees, read more about federal and state regulations for employers.

### **Combining the Benefits of an LLC with an S Corp**

There is always the possibility of requesting S Corp status for your LLC. Your attorney can advise you on the pros and cons. You'll have to make a special election with the IRS to have the LLC taxed as an S corp. using Form 2553. And you must file it before the first two months and fifteen days of the beginning of the tax year in which the election is to take effect.

The LLC remains a limited liability company from a legal standpoint, but for tax purposes it's treated as an S corp. Be sure to contact your state's income tax agency where you will file the election form to learn about tax requirements.

### **Taxes**

Most businesses need to register with the IRS, register with state and local revenue agencies, and obtain a tax ID number or permit.

All states do not tax S corps equally. Most recognize them similarly to the federal government and tax the shareholders accordingly. However, some states (like Massachusetts) tax S corps on profits above a specified limit. Other states don't recognize the S corp. election and treat the business as a C corp. with all of the tax ramifications. Some states (like New York and New Jersey) tax both the S corps profits and the shareholder's proportional shares of the profits.

Your corporation must file the Form 2553 to elect "S" status within two months and 15 days after the beginning of the tax year or any time before the tax year for the status to be in effect. Read more about IRS filing requirements for S Corporations.

Business Structure	Advantages	Disadvantages
<b>Sole Proprietorship</b>	<ul style="list-style-type: none"> <li>• Easy and inexpensive to form: A sole proprietorship is the simplest and least expensive business structure to establish. Costs are minimal, with legal costs limited to obtaining the necessary license or permits.</li> <li>• Complete control: Because you are the sole owner of the business, you have complete control over all decisions. You aren't required to consult with anyone else when you need to make decisions or want to make changes.</li> <li>• Easy tax preparation: Your business is not taxed separately, so it's easy to fulfill the tax reporting requirements for a sole proprietorship. The tax rates are also the lowest of the business structures.</li> </ul>	<ul style="list-style-type: none"> <li>• Unlimited personal liability: There is no legal separation between you and your business and you can be held personally liable for the debts and obligations of the business. This risk extends to any liabilities incurred as a result of employee actions.</li> <li>• Hard to raise money: Sole proprietors often face challenges when trying to raise money because you can't sell stock in the business, investors won't often invest. Banks are also hesitant to lend to a sole proprietorship because of a perceived lack of credibility when it comes to repayment if the business fails.</li> <li>• Heavy burden: The flipside of complete control is the burden and pressure it can impose. You alone are ultimately responsible for the successes and failures of your business.</li> </ul>
<b>Limited Liability Corporation (LLC)</b>	<ul style="list-style-type: none"> <li>• Limited Liability members are protected from personal liability for business decisions or actions of the LLC. This means that if the LLC incurs debt or is sued, members' personal assets are usually exempt. This is similar to the liability protections afforded to shareholders of a corporation. Keep in mind that limited liability means "limited" liability - members are not necessarily shielded from wrongful acts, including those of their employees.</li> <li>• Less Recordkeeping: An LLC's operational ease is one of its greatest advantages. Compared to an S-Corporation, there is less registration paperwork and there are smaller start-up costs.</li> <li>• Sharing of Profits: There are fewer restrictions on profit sharing within an LLC, as members distribute profits as they see fit. Members might contribute different proportions of capital and sweat equity. Consequently, it's up to the members themselves to decide who has earned what percentage of the profits or losses.</li> </ul>	<ul style="list-style-type: none"> <li>• Limited Life: In many states, when a member leaves an LLC, the business is dissolved and the members must fulfill all remaining legal and business obligations to close the business. The remaining members can decide if they want to start a new LLC or part ways. However, you can include provisions in your operating agreement to prolong the life of the LLC if a member decides to leave the business.</li> <li>• Self-Employment Taxes: Members of an LLC are considered self-employed and must pay the self-employment tax contributions towards Medicare and Social Security. The entire net income of the LLC is subject to this tax.</li> </ul>
<b>Cooperative</b>	<ul style="list-style-type: none"> <li>• Less Taxation: Similar to an LLC: Cooperatives that are incorporated normally are not taxed on surplus earnings (or patronage dividends) refunded to members. Therefore, members of a cooperative are only taxed once on their income from the cooperative and not on both the individual and the cooperative level.</li> <li>• Funding Opportunities: Depending on the type of cooperative you own or participate in, there are a variety of government-sponsored grant programs to help you start. For example, the USDA Rural Development program offers grants to those establishing and operating new and existing rural development cooperatives.</li> <li>• Reduce Costs and Improve Products and Services: By leveraging their size, cooperatives can more easily obtain discounts on supplies and other materials and services. Suppliers are more likely to give better products and services because they are working with a customer of more substantial size. Consequently, the members of the cooperative can</li> </ul>	<ul style="list-style-type: none"> <li>• Obtaining Capital through Investors: Cooperatives may suffer from slower cash flow since a member's incentive to contribute depends on how much they use the cooperative's services and products. While the "one member-one vote" philosophy is appealing to small investors, larger investors may choose to invest their money elsewhere because a larger share investment in the cooperative does not translate to greater decision-making power.</li> </ul>

focus on improving products and services.

- Perpetual Existence: A cooperative structure brings less disruption and more continuity to the business. Unlike other business structures, members in a cooperative can routinely join or leave the business without causing dissolution.
- Democratic Organization: Democracy is a defining element of cooperatives. The democratic structure of a cooperative ensures that it serves its members' needs. The amount of a member's monetary investment in the cooperative does not affect the weight of each vote, so no member-owner can dominate the decision-making process. The "one member-one vote" philosophy particularly appeals to smaller investors because they have as much say in the organization as does a larger investor.

- Lack of Membership and Participation: If members do not fully participate and perform their duties, whether it be voting or carrying out daily operations, then the business cannot operate at full capacity. If a lack of participation becomes an ongoing issue for a cooperative, it could risk losing members.

**C Corporation**

- Limited Liability: When it comes to taking responsibility for business debts and actions of a corporation, shareholders' personal assets are protected. Shareholders can generally only be held accountable for their investment in stock of the company.
- Ability to Generate Capital: Corporations have an advantage when it comes to raising capital for their business - the ability to raise funds through the sale of stock.
- Corporate Tax Treatment: Corporations file taxes separately from their owners. Owners of a corporation only pay taxes on corporate profits paid to them in the form of salaries, bonuses, and dividends, while any additional profits are awarded a corporate tax rate, which is usually lower than a personal income tax rate.
- Attractive to Potential Employees: Corporations are generally able to attract and hire high-quality and motivated employees because they offer competitive benefits and the potential for partial ownership through stock options.

- Time and Money: Corporations are costly and time-consuming ventures to start and operate. Incorporating requires start-up, operating and tax costs that most other structures do not require.
- Double Taxing: In some cases, corporations are taxed twice - first, when the company makes a profit, and again when dividends are paid to shareholders.
- Additional Paperwork: Because corporations are highly regulated by federal, state, and in some cases local agencies, there are increased paperwork and recordkeeping burdens associated with this entity.

**Partnership**

- Easy and Inexpensive: Partnerships are generally an inexpensive and easily formed business structure. The majority of time spent starting a partnership often focuses on developing the partnership agreement.
- Shared Financial Commitment: In a partnership, each partner is equally invested in the success of the business. Partnerships have the advantage of pooling resources to obtain capital. This could be beneficial in terms of securing credit, or by simply doubling your seed money.
- Complementary Skills: A good partnership should reap the benefits of being able to utilize the strengths, resources and expertise of each partner.
- Partnership Incentives for Employees: Partnerships have an employment advantage over other entities if they offer employees the opportunity to become a partner. Partnership incentives often attract highly motivated and qualified employees.

- Joint and Individual Liability: Similar to sole proprietorships, partnerships retain full, shared liability among the owners. Partners are not only liable for their own actions, but also for the business debts and decisions made by other partners. In addition, the personal assets of all partners can be used to satisfy the partnership's debt.
- Disagreements Among Partners: With multiple partners, there are bound to be disagreements. Partners should consult each other on all decisions, make compromises, and resolve disputes as amicably as possible.
- Shared Profits: Because partnerships are jointly owned, each partner must share the successes and profits of their business with the other partners. An unequal contribution of time, effort, or resources can cause discord among partners.

## S Corporation

- Tax Savings: One of the best features of the S Corp is the tax savings for you and your business. While members of an LLC are subject to employment tax on the entire net income of the business, only the wages of the S Corp shareholder who is an employee are subject to employment tax. The remaining income is paid to the owner as a "distribution," which is taxed at a lower rate, if at all.
- Business Expense Tax Credits: Some expenses that shareholder/employees incur can be written off as business expenses. Nevertheless, if such an employee owns 2% or more shares, then benefits like health and life insurance are deemed taxable income.
- Independent Life: An S corp. designation also allows a business to have an independent life, separate from its shareholders. If a shareholder leaves the company, or sells his or her shares, the S corp. can continue doing business relatively undisturbed. Maintaining the business as a distinct corporate entity defines clear lines between the shareholders and the business that improve the protection of the shareholders.
- Stricter Operational Processes: As a separate structure, S corps require scheduled director and shareholder meetings, minutes from those meetings, adoption and updates to by-laws, stock transfers and records maintenance.
- Shareholder Compensation Requirements: A shareholder must receive reasonable compensation. The IRS takes notice of shareholder red flags like low salary/high distribution combinations, and may reclassify your distributions as wages. You could pay a higher employment tax because of an audit with these results.



**Florida Department of State  
Division of Corporations**  
[www.sunbiz.org](http://www.sunbiz.org)

**Fee Schedule**

**Corporation Fees**

**PROFIT AND NON-PROFIT**

Filing Fees	\$ 35.00
Registered Agent Designation	\$ 35.00
*Certified Copy (optional)	\$ 8.75
*Certification of Status (optional)	\$ 8.75
<b>TOTAL</b>	<b>\$ 87.50</b>
Amendment of any record	\$ 35.00
Profit Annual Report (& Supplemental Fee)	\$150.00
Profit Annual Report (Received after May 1)	\$550.00
Amended Profit Annual Report	\$ 61.25
Articles of Correction	\$ 35.00
Non-Profit Annual Report	\$ 61.25
Certificate of Status	\$ 8.75
*Certified Copy	\$ 8.75 (see below)
*Photocopies	\$ 10.00 (see below)
Change of registered agent	\$ 35.00
Dissolution & withdrawal	\$ 35.00
Foreign Name registration	\$ 87.50
Foreign Name renewal	\$ 87.50
Merger (per party)	\$ 35.00
Certificate of Conversion	\$ 35.00 (+New Entity Filing fees, if applicable)
Reinstatement (Profit)	\$600.00 (+each year annual report fee)
Reinstatement (Non-Profit)	\$175.00 (+each year annual report fee)
Resignation of Reg. Agent (active corporation)	\$ 87.50
Resignation of Reg. Agent (inactive corporation)	\$ 35.00
Revocation of Dissolution	\$ 35.00

## Fictitious Name Fees

Registration of Fictitious Names	\$ 50.00
Cancellation and Re-registration of Fictitious Name	\$ 50.00
Renewal of Fictitious Name Registration	\$ 50.00
Certified Copy of Fictitious Name Registration	\$ 30.00
Certificate of Status of Fictitious Name Registration	\$ 10.00

## Judgment Lien Fees

All fees are nonrefundable processing fees and no refunds will be issued by the Division if the Judgment Lien document cannot be filed or processed.

Judgment Lien Certificate	\$ 20.00
Add for each additional debtor	\$ 5.00
Add for each attached page	\$ 5.00
Second Judgment Lien Certificate	\$ 20.00
Judgment Lien Amendment Statement	\$ 20.00
Judgment Lien Correction Statement	\$ 20.00
Certified Copy	\$ 10.00

## Limited Partnership Fees

### FLORIDA OR FOREIGN LIMITED PARTNERSHIP / LLLP

Filing Fees	\$ 965.00
Registered Agent Designation	\$ 35.00
<b>TOTAL</b>	<b>\$1,000.00</b>

Restated Certificate	\$ 52.50
Amended and Restated Certificate	\$ 52.50
Amendment	\$ 52.50
Statement of Correction	\$ 52.50
Certificate of Dissolution	\$ 52.50
Certificate of Revocation of Dissolution	\$ 52.50

Statement of Termination	\$ 52.50
Certificate of Merger	\$ 52.50per party
Certificate of Conversion	\$ 52.50(+ New Entity Filing Fees, if applicable)
Other	\$ 52.50
Annual Report	\$411.25
Supplemental Fee	\$ 88.75

**Total** **\$500.00**

Annual Report (Received after May 1)	\$900.00
Amended Annual Report	\$411.25

Reinstatement	\$500.00 (\$500 for each year or part thereof the partnership was revoked plus the delinquent annual report fees)
Notice of Cancellation	\$ 52.50
Certificate of Status	\$ 8.75
Certified Copy (optional)	\$ 52.50 (15 pages or fewer, \$1 each page thereafter)
Change of registered agent/Office	\$ 35.00
Resignation of Reg. Agent	\$ 87.50
Photocopies	\$ 1.00 per page (please call (850) 245-6053 for a page count)

## General Partnership Fees

Partnership Registration Statement	\$ 50.00
Statement of Partnership Authority	\$ 25.00
Statement of Denial	\$ 25.00
Statement of Dissociation	\$ 25.00
Statement of Dissolution	\$ 25.00
Statement of Qualification FL or FOR LLP	\$ 25.00
Limited Liability Partnership Annual Report	\$ 25.00
Certificate of Merger	\$ 25.00 per party
Certificate of Conversion	\$ 25.00 (+ New Entity Filing Fees, if applicable)
Amendment to Statement or Registration	\$ 25.00
Cancellation of Statement or Registration	\$ 25.00
Certified Copy	\$ 52.50
Certificate of Status	\$ 8.75
Photocopies	\$ 10.00

## Limited Liability Company Fees

Annual Report (& Supplemental Fee)	\$ 138.75
Annual Report (Received after May 1)	\$ 538.75
Amended Annual Report	\$ 50.00
Certificate of Status	\$ 5.00
Certified Copy of Record	\$30.00
Registered Agent Fee (Required)	\$ 25.00
Total Fee For New Florida/Foreign LLC	\$125.00
Change of Registered Agent	\$ 25.00
Articles of Correction	\$ 25.00
Certificate of Conversion	\$ 25.00 (+ New Entity Filing Fees, if applicable)
Registered Agent Resignation (active)	\$ 85.00
Registered Agent Resignation (dissolved)	\$ 25.00
Reinstatement Fee	\$100.00 (+each year annual report fee)

Any Other Amendment	\$ 25.00
Articles of Dissolution/Withdrawal	\$ 25.00
Articles of Revocation of Dissolution	\$100.00
Certificate of Merger	\$ 25.00 per party (unless otherwise specified)
Member, Managing Member, or Manager Resignation	\$ 25.00

## Municipal Business Tax Receipts

If your business is located in one of the following cities of Palm Beach County, you will need a local tax receipt.

Atlantis	Haverhill	Loxahatchee Groves	Royal Palm Beach
Belle Glade	Highland Beach	Manalapan	South Palm Beach
Boca Raton	Hypoluxo	Mangonia Park	Tequesta
Boynton Beach	Juno Beach	North Palm Beach	Wellington
Briny Breezes	Jupiter	Ocean Ridge	Westlake
Cloud Lake	Jupiter Inlet Colony	Pahokee	West Palm Beach
Glen Ridge	Lake Clarke Shores	Palm Beach	
Golf	Lake Park	Palm Beach Gardens	
Greenacres	Lake Worth Beach	Palm Springs	
Gulf Stream	Lantana	Riviera Beach	



## Help for Local Business Tax

**By act of the Florida Legislature, Occupational Licenses are now called Business Tax Receipts**

**Got questions? Anne's got answers!**

**Who is required to obtain a Business Tax Receipt?**

Anyone operating a business in Palm Beach County that provides merchandise or services to the public, even though a one-person company or home-based occupation. **Will**

**I be required to have more than one county business receipt for my business?** Some businesses are required to obtain more than one receipt.

Example 1: a receipt for each professional and a receipt for the business: State licensed professionals such as an attorney, physician, massage therapist, or certified public accountant require an *individual* tax receipt and a separate one for the *office*, if you have any type of employees.

Example 2: a receipt for each service line and a receipt for the business: Grocery Store a business tax receipt is required for the deli, photo lab, bakery, automated teller machines, kiosks, and the grocery store itself.

**What's a Fictitious Name Registration?**

Businesses doing business in a name other than their own personal name (first and last) or incorporated names, must provide proof of registration prior to obtaining the receipt. Fictitious Name Registration Packets may be picked up at any Tax Collector location or may be filed online at [www.sunbiz.org](http://www.sunbiz.org)

**If I already have a city business tax receipt, do I need to apply for a county receipt as well?**

Yes, the county receipt is required in addition to any receipt issued by a city.

**Can I change my address when I renew my business tax receipt?**

Yes, you will need to complete a new application, provide zoning approval, and pay the renewal fee plus 10% of the annual business tax. You must surrender the original current

Local Business Tax Receipt. This applies to physical address changes only, not mailing address changes.

**I am no longer in business, what should I do?**

You will need to sign the Local Business Tax Receipt renewal stub where it states, (bottom right hand corner of stub) "If **OUT OF BUSINESS**, sign and return". If you did not receive a local business tax renewal notice write a letter stating this information (can include a copy of the last business tax receipt) or come in person to one of our Service Centers. In addition contact the Property Appraiser's Office and request to be removed from the tangible personal property tax roll.

**I just renewed my local business tax receipt on line and need it today. Can you fax or mail me a copy today?**

No, the system is still processing the payment and the local business tax receipt will not be active until the next business day. You would need to call back the next business day or visit a service center in person and pay a \$1 duplicate processing fee.

**I tried to renew on-line and it won't let me. Why?**

You may need to provide proof of your renewed certificate of competency. Contact the Tax Collectors Office at 561-355-2272 to verify your status.

**How do I apply for a handyman's license?**

We do not offer a handyman local business tax receipt. You will need to contact the Construction Industry Licensing Board of Palm Beach County at 561-233-5525 or click here to view the list of Standards for Certified Categories (effective January 1, 2008).

**I am exempt from having a local business tax receipt. Why did I receive a renewal notice?**

A local business tax renewal notice is produced for every active business in Palm Beach County. This is also an opportunity to notify us that you are no longer in business by signing and returning the stub. If you are exempt all you need to do is send back the stub to renew for the current year. In addition contact the Property Appraisers Office and request to be removed from the tangible personal property tax roll.

**I am a *county/state* certified contractor and tried to renew my local business tax receipt online and it stated "Hold for Review." What does this mean?**

All Certificates of Competencies issued by the Construction Industry Licensing Board of Palm Beach County expire September 30 of odd years (EX: 2009, 2011, 2013). **No** local business tax receipt will be issued without proof of a current Certificate of Competency. Call 561-233-5525 to contact the Construction Industry Licensing Board of Palm Beach County.

State contractor certifications from the Department of Business and Professional Regulation (DBPR) expire August 31st of even years (EX: 2010, 2012, 2014). No local business tax receipt will be issued without proof of current state certification.

**I have a county wide business tax receipt and tried to renew my local business tax receipt online and it stated “Hold for Review.” What does this mean?**

This is an optional business tax receipt. Your county or state contractor’s license must be current prior to renewing the countywide business tax receipt. If you would like to renew on line contact the Tax Collector’s Office to have the “Hold for Review” status removed.

**Does an out-of-county business need a local BTR in order to work in PBC?**

No, if it is an occupation licensed by the Department of Business and Professional Regulation (DBPR) and they have a current Business Tax Receipt from the county of their primary business location and are only doing temporary work in PBC. (F.S. Chapter 205.065).

**Does a person who holds a state certification need a local BTR if they are not currently using their certification as source of income?**

No, if the professional holds a valid state certification and maintains their certification for purposes other than income producing a local BTR is not required.

**Contact Us**

Professionals needing additional assistance please call (561) 355-2272 and select item 4.



**ANNE M. GANNON**  
**CONSTITUTIONAL TAX COLLECTOR**  
*Serving Palm Beach County*  
**Serving you.**

Sec. 17-17 of PBC Ordinance No. 72-7.

No business tax receipt shall be issued until applicable county and state laws are complied with including, but not limited to, building, zoning, construction industry licensing, fire control and health.

[www.pbctax.com](http://www.pbctax.com)

## Application Requirement Guide for Local Business Tax Receipt

### APPLICATION REQUIREMENT GUIDE (CHECKLIST)

**\*\*Please complete application on reverse side.\*\***

- COMPLETE APPLICATION (box #1 on reverse side)**
- ATTACH A COPY OF FICTITIOUS NAME REGISTRATION (if applicable):** [www.sunbiz.org](http://www.sunbiz.org)
- OBTAIN ZONING APPROVAL from the following (box #2 on reverse side):**
  - Municipal/City Business Tax Receipt (If business is located within city limits, submit this application to the city for zoning approval).
  - Unincorporated - Palm Beach County Zoning Approval (If business is located in unincorporated Palm Beach County) submit this application to Palm Beach County Planning, Zoning & Building for approval [2300 N. Jog Rd. West Palm Beach-Vista Center (561-233-5200)].
  - Unincorporated Home Based Business - Form #103 must be completed.
- COPIES OF STATE OR COUNTY CERTIFICATIONS/LICENSE (if applicable):**
  - Dept. of Business and Professional Regulation ..... (850) 487-1395
  - Palm Beach County Dept. of Health ..... (561) 840-4500
  - State of Florida Dept. of Health ..... (850) 488-0595
  - Palm Beach County Construction Industry Licensing Board ..... (561) 233-5525
  - State of Florida, Dept. of Agriculture and Consumer Services ..... (800) 435-7352
  - Florida Division of Hotel & Restaurants ..... (850) 487-1395
  - Florida Office of Financial Regulation ..... (850) 410-9805

NOTE: Price quotes are only valid if received and posted in the Tax Collector's Office within the same month of quote.

**This receipt is in addition to and not in lieu of any license or receipt required by law or city ordinance and is subject to regulations of zoning, health and any other lawful authority Section 17-17 of Palm Beach County Ordinance No. 72-7.**

For more information, call (561) 355-2264 or visit our website at [www.pbctax.com](http://www.pbctax.com).

**Mall completed application to:**  
 Palm Beach County Tax Collector  
 Attn: Business Tax Department  
 P.O. Box 3715  
 West Palm Beach, FL 33402-3715

**Visit any of these locations with the completed application:** (Monday – Friday 8:15 am to 5:00 pm)

**Belle Glade Service Center**  
 PBC Glades Office Building  
 2976 State Road 15  
 Belle Glade, FL

**Lake Worth Service Center**  
 3551 South Military Trail  
 Lake Worth, FL

**Royal Palm Beach Service Center**  
 200 Civic Center Way  
 Royal Palm Beach, FL

**Delray Beach/South County Service Center**  
 501 South Congress Ave  
 Delray Beach, FL

**Palm Beach Gardens/NE County Courthouse Service Center**  
 3188 PGA Blvd  
 Palm Beach Gardens, FL

**West Palm Beach/Downtown Service Center**  
 301 North Olive Avenue, Room #101  
 West Palm Beach, FL



**ANNE M. GANNON**  
**CONSTITUTIONAL TAX COLLECTOR**  
*Serving Palm Beach County*

*Serving you.*

Sec. 17-17 of PBC Ordinance No. 72-7.

No business tax receipt shall be issued until applicable county and state laws are complied with including, but not limited to, building, zoning, construction industry licensing, fire control and health.

[www.pbctax.com](http://www.pbctax.com)

## Application For Palm Beach County Local Business Tax Receipt

### #1: BUSINESS INFORMATION (To be completed by applicant):

**\*\*Instructions & checklist on reverse side\*\***

Check Applicable Box:  New Business  Transfer of Address  Transfer of Ownership  Business Name Change  
 Other \_\_\_\_\_

Existing PBC LBTR # (if applicable): \_\_\_\_\_

Corporation/Business Name: \_\_\_\_\_

Fictitious/DBA/Trade Name: \_\_\_\_\_

Division of Corporations requires registration of a fictitious name. Submit copy of registration with this application.

Owner/Applicant Name: \_\_\_\_\_

Federal Employer ID #: \_\_\_\_\_ **\*\*OR\*\*** Social Security #: \_\_\_\_\_

Business Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Applicant/Business Start Date at Location: \_\_\_\_\_ Business Phone Number: \_\_\_\_\_

Mailing Address (if different above): \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

E-Mail address: \_\_\_\_\_

Nature of Business: \_\_\_\_\_ **\*\*OR\*\*** Profession: \_\_\_\_\_  
(Landscaper, Cleaning Service, etc.) (Doctor, Lawyer, etc.)

Maximum Number of: Employees: \_\_\_\_\_ Machines: \_\_\_\_\_ Rooms: \_\_\_\_\_ Restaurant seating: \_\_\_\_\_

Were you issued a Notice of Non-Compliance?  Yes  No

**I certify, under penalty of law, that the above information is true and correct, and I understand that any false statements could result in penalties as provided by law.**

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

(Agent, Owner, Rep.)

### #2: PLEASE NOTE: ZONING APPROVAL MUST BE COMPLETED PRIOR TO APPLICATION SUBMITAL **\*\*See reverse side for details on zoning\*\***

Municipal/City Zoning Approval: \_\_\_\_\_ Title: \_\_\_\_\_

Additional Fees May Apply

Unincorporated Zoning Approval/Planning Zoning & Building Approval: \_\_\_\_\_ Title: \_\_\_\_\_

PCN: \_\_\_\_\_ ePZB Application Number: \_\_\_\_\_ Date: \_\_\_\_\_

Control Number: \_\_\_\_\_ Resolution Number: \_\_\_\_\_

Use pursuant to the PBC ULDC Article 4 supplementary use standards: \_\_\_\_\_

PZ&B - Check box if approval from department is required\*\*\*

Regulator Signature required on line, when approval has been granted\*\*\*

Zoning (U No.) \_\_\_\_\_  Fire Marshall \_\_\_\_\_

Compliance \_\_\_\_\_  Health Department \_\_\_\_\_

Building \_\_\_\_\_  Hotel & Restaurant \_\_\_\_\_

NAICS Code \_\_\_\_\_  Prior Use of Bay/Bldg. \_\_\_\_\_

Other \_\_\_\_\_  Cnty Home Based Affidavit \_\_\_\_\_

### FOR TCO OFFICE USE ONLY

LBTR#/Account #: \_\_\_\_\_ State/County License Cert #: \_\_\_\_\_

CSS / SCSS: \_\_\_\_\_ Date: \_\_\_\_\_ Field Service Approval: \_\_\_\_\_

NAICS Code \_\_\_\_\_ TOTAL FEE DUE: \$ \_\_\_\_\_ Receipt #: \_\_\_\_\_



**Palm Beach County Zoning Division  
Home Occupation Business Tax Receipt  
Certificate of Compliance**

Unified Land Development Code (ULDC) Article 4.B.1.A.70  
For a typeable version of this form visit the PBC Zoning Web Page at:  
<http://www.pbcgov.com/pzb/zoning/newapps/Form-103.pdf>

**70. Home Occupation**

A business, profession, occupation, trade, artisan, or handcraft conducted in a dwelling unit for commercial gain by a resident of the unit. A home occupation shall not include those businesses, which are required by State of Florida agencies to be open to the public.

**a. Incidental Nature**

Shall be clearly incidental and subordinate to the residential use of the dwelling property and shall be confined to no more than ten percent of the total floor area of the dwelling.

**b. Location**

With the exception of outdoor instructional services, a home occupation shall be conducted within the principal dwelling or off-site, and shall not be conducted within any accessory building or structure or within any open porch or carport that is attached to and part of the principal structure. Instructional services, which by their nature must be conducted outside of the principal structure, such as swimming lessons, shall be located in a rear or side yard.

**c. No Change to Character of Dwelling**

The residential character of the dwelling in terms of exterior appearance and interior space shall not be altered or changed to accommodate a home occupation.

**d. Employees**

Shall be conducted by members of the immediate family residing in the dwelling unit only. A maximum of one person who is not a member of the immediate family may assist in the operation of the home occupations at the residence.

**e. Business Tax Receipt**

Shall be operated pursuant to a valid business tax receipt for the use conducted by the resident of the dwelling. More than one home occupation may be permitted on a residential lot.

**f. Advertising**

No external evidence or sign shall advertise, display, or otherwise indicate the presence of the home occupation, nor shall the street address of the home occupation be advertised through signs, billboards, television, radio, or newspapers. Advertising on vehicles shall be limited to the minimum necessary to meet requirements mandated by F.S. Chapter 489 or Chapter 67-1876 of the PBC Contractor's Certification Division Manual.

**g. On-Premise Sales**

A home occupation shall not involve the sale of any stock, trade, supplies, products, or services on the premises, except for instructional services.

**h. Instructional Services**

Instructional services shall meet the following additional regulations:

**1) Home Instruction, Inside**

Teaching which takes place inside the dwelling unit of the instructor. Typical instruction includes music lessons and academic tutoring.

**2) Home Instruction, Outside**

Teaching which takes place outside the dwelling unit, on the property of the instructor. This type of instruction is limited to subject matter which necessitates outside instruction. Typical instruction includes tennis, swimming lessons, dog training and equestrian lessons.

**3) Hours of Operation**

Instruction shall occur only between the hours of 9:00 a.m. and 8:00 p.m. daily.

**4) Insurance**

Proof of liability insurance in the amount of at least \$300,000 covering the instructional service shall be submitted prior to the issuance of a Business Tax Receipt.

**5) Number of Students**

A maximum of three students at a time shall be permitted to receive instruction during a lesson.

**6) Parking**

No more than two vehicles associated with the lessons shall be permitted to be parked at the instructor's home at any time.

**7) Resident**

The instruction must be conducted by a resident of the dwelling where the lessons are provided. Only one instructor shall be permitted to provide instruction. The business tax receipt shall be issued to the instructor.

**i. Outside Storage**

No equipment or materials used in the home occupation shall be stored or displayed outside of the dwelling, including driveways.

**j. Nuisances**

No home occupation shall involve the use of any mechanical, electrical or other equipment, materials or items which produce noise, electrical or magnetic interference, vibration, heat, glare, smoke, dust, odor or other nuisance outside the residential building. There shall be no storage of hazardous or noxious materials on the site of the home occupation. There shall be no noise of an objectionable nature from the home occupation audible at adjoining property lines.

**k. Violations or Hazard**

If any of the above requirements are violated, or if the use, or any part thereof, is determined by the Zoning Director to create a health or safety hazard, then the business tax receipt may be revoked.

**l. Vehicles**

One business related vehicle per dwelling unit not over one ton rated capacity may be parked at the home, provided the vehicle is registered to a resident of the dwelling & meets the resident parking code, commercial vehicles are prohibited.

**I have read and understand the Palm Beach County Zoning Division Home Business Tax Receipt Affidavit and the thresholds associated with a Home Office Use as described in this Affidavit and pursuant to the ULDC. I understand that by signing the Palm Beach County Zoning Division Home Business Tax Receipt Affidavit, I agree to comply with the Palm Beach County ULDC provisions, as outlined in Article 4.B.1.A.70, Home Occupation. Furthermore, I understand that the Home Business Office is for administrative purposes only or instructional services as further defined in the ULDC, Article 4.B.1.A.70, Home Occupation (Customary functions include: telephone, scheduling appointments, bookkeeping, computer work, and home instruction). For additional information, please access the ULDC at [http://www.pbcgov.com/pzb/uldc/articles/Article 4.pdf](http://www.pbcgov.com/pzb/uldc/articles/Article%204.pdf).**

**CERTIFICATE OF COMPLIANCE**

I have read and understand the above regulations for home occupation (as Administrative Offices, or those Instructional Services specified only). I am aware of my responsibilities and liabilities for the use and occupation on the property. I do hereby covenant and agree to abide by each of the aforesaid stipulations. I further understand that any violation of the stipulations may result in possible code enforcement action and/or revocation of the Business Tax Receipt.\*

Applicant Name: \_\_\_\_\_

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Property Control Number (PCN): \_\_\_\_\_

Occupation: \_\_\_\_\_

Signature of Applicant: \_\_\_\_\_ Date \_\_\_\_\_

*\* It is the applicants responsibility to complete the most current form. Current forms are obtained by visiting: <http://www.pbcgov.com/pzb/zoning/newapps/Form-103.pdf>*

# How To Test A Business Idea

By: Mike Kappel, Forbes Magazine, Contributor September 20, 2017



Credit: Test keyboard image via [Shutterstock](#)

You have a great idea, and you're ready to dive into entrepreneurship. But, are you sure your idea is viable? Before investing in a new business, you need to test your idea's true potential.

## Testing your small business idea

Do you know your business idea's chances of success? Use these four strategies to test it.

### 1. Ask the right questions

Vague ideas and partial plans will likely cause a rocky start for your business venture. To get the answers you need, you must ask yourself the right questions.

First, consider each aspect of your startup. The questions you ask should help you dig deeper into your thought process and develop a plan. Resolving issues in the beginning will help you be successful.

These questions are examples of what you should think about before you start a business:

- Why do I want to start a business?
- What problem do I solve?

- Who is my target customer?
- What resources do I have?
- What are my goals?

You can write down your answers in a journal to solidify your thoughts. Once you answer general questions, you can begin the next steps in testing your business idea.

## **2. Know your competitors**

You don't want to get too caught up in what your competitors are doing. But, it is a good idea to understand their strategies. Before launching your startup, do an analysis of companies similar to yours.

By looking at other businesses, you can see what has worked in the past. A smart business owner learns from those who have already attempted similar ideas. You gain valuable insights without suffering any losses because of a failed plan.

Reviewing the competition will also help you define what makes your idea stand out. To get a solid customer base, you need to show consumers how your business is unique. This could be anything from disrupting the market with a new product to offering a one-of-a-kind experience.

## **3. Evaluate your capital**

We've all heard the saying, "It takes money to make money." The phrase has become a cliché for a reason—in most cases, it's true. You will need business capital to get your startup off the ground.

Startup capital can come from a number of sources. Many entrepreneurs cover the cost to start a small business with personal funds, such as a savings account or credit card. Others rely on the help of friends and family. Banks and private lenders also offer loan programs for small businesses.

Chances are, you will use a combination of capital solutions to fund your business. The road to securing startup funds could be difficult because you have not yet established yourself as a profitable business. To convince others that your idea is viable, create a small business plan that maps out how you will spend the money and how much you expect to earn.

#### 4. Assess the market

One of the best sources to test your business idea is your target market. Define your ideal customer to hone in on who will be interested in your offerings. Then, do a market analysis on a small group.

Here are some ways you can test your business idea with target customers:

- **Have a focus group:** A focus group involves a small number of consumers who use your offerings and provide feedback. Focus groups, surveys, and interviews show what consumers think before you go all in.
- **Ask groups on social media:** The internet puts your target market at your fingertips. Find online groups that might be interested in your business. Find out their general impressions and if they think you should do anything differently.
- **Set up a crowdfunding page:** Crowdfunding websites offer more than just investors. You can also gain valuable reactions, observations, and advice from like-minded individuals. Bonus: you might find someone who wants to invest in your idea.

Testing your idea on a small group shows whether consumers care about your offerings. If the small market tests are successful, there's a good possibility your idea will be a hit with a larger audience.

#### How do you really know if your business idea is viable?

Unfortunately, there's no definitive way to tell if a company will be successful. While it takes careful planning, the right marketing strategy, and enough capital to get an idea off the ground, every startup story is different.

When it comes down to it, remember this—if you put out a quality offering that solves a problem and reflects your passions, you can create a profitable business.

<https://www.forbes.com>

# 7 Steps to a Perfectly Written Business Plan

By: John Rampton, Entrepreneur VIP, August 26, 2016

Every business needs to have a written business plan. Whether it's to provide direction or attract investors, a business plan is vital for the success for your organization. But, how do you write a business plan?

SBA.gov recommends that a business plan includes;

- Executive summary - a snapshot of your business.
- Company description - describes what you do.
- Market analysis - research on your industry, market, and competitors.
- Organization and management - your business and management structure.
- Service or product - the products or services you're offering.
- Marketing and sales - how you'll market your business and your sales strategy.
- Funding request - how much money you'll need for next 3 to 5 years.
- Financial projections - supply information like balance sheets.
- Appendix- an optional section that includes résumés and permits.

However, getting started can be difficult to do. So, here's a seven steps in writing a perfect business plan.

Research, research, research.

"Research and analyze your product, your market and your objective expertise," writes Bill Pirraglia, a former senior financial and management executive. "Consider spending twice as much time researching, evaluating and thinking as you spend actually writing the business plan."

“To write the perfect plan, you must know your company, your product, your competition and the market intimately.”

In other words, it’s your responsibility to know everything you can about your business and the industry that you’re entering. Read everything you can about your industry and talk to your audience.

2. Determine the purpose of your plan.

A business plan, as defined by Entrepreneur, is a “written document describing the nature of the business, the sales and marketing strategy, and the financial background, and containing a projected profit and loss statement.” However, your business plan can serve several different purposes.

As Entrepreneur notes, it’s “also a road map that provides directions so a business can plan its future and helps it avoid bumps in the road.” That’s important to keep in mind if you’re self-funding or bootstrapping your business. But, if you want to attract investors, then your plan will have a different purpose and you’ll have to write your plan that targets them so it will have to be as clear and concise as possible. When you define your plan, make sure you have defined these goals personally as well.

3. Create a company profile.

Your company profile includes the history of your organization, what products or services you offer, your target market and audience, your resources, how you’re going to solve a problem, and what makes your business unique. When I crafted my company profile, I put this on our about page.

Company profiles are often found on the company’s official website and are used to attract possible customers and talent. However, your profile can be used to describe your company in your business plan. It’s not only an essential component of your business plan, it’s also one of the first written parts of the plan.

Having your profile in place makes this step a whole lot easier to compose.

4. Document all aspects of your business.

Investors want to make sure that your business is going to make them money. Because of this expectation, investors want to know everything about your business. To help with this process, document everything from your expenses, cash flow, and industry projections. Also don't forget seemingly minor details like your location strategy and licensing agreements.

5. Have a strategic marketing plan in place.

A great business plan will always include a strategic and aggressive marketing plan. This typically includes achieving marketing objectives like;

- Introduce new products
- Extend or regain market for existing product
- Enter new territories for the company
- Boost sales in a particular product, market or price range. Where will this business come from? Be specific.
- Cross-sell (or bundle) one product with another
- Enter into long-term contracts with desirable clients
- Raise prices without cutting into sales figures
- Refine a product
- Have a content marketing strategy
- Enhance manufacturing/product delivery

"Each marketing objective should have several goals (subsets of objectives) and tactics for achieving those goals," states *Entrepreneur*.

"In the objectives section of your marketing plan, you focus on the 'what' and the 'why' of the marketing tasks for the year ahead. In the implementation section, you focus on the practical, sweat-and-calluses

areas of who, where, when and how. This is life in the marketing trenches.”

Of course, achieving marketing objectives will have costs. “Your marketing plan needs to have a section in which you allocate budgets for each activity planned.” It would be beneficial for you to create separate budgets for internal hours (staff time) and external costs (out-of-pocket expenses).

6. Make it adaptable based on your audience.

“The potential readers of a business plan are a varied bunch, ranging from bankers and venture capitalists to employees,” states Entrepreneur. “Although this is a diverse group, it is a finite one. And each type of reader does have certain typical interests. If you know these interests up front, you can be sure to take them into account when preparing a plan for that particular audience.”

For example, bankers will be more interested in balance sheets and cash-flow statements, while venture capitalists are looking at the basic business concept and your management team. The manager on your team, however, will be using the plan to “remind themselves of objectives.”

Because of this, make sure that your plan can be modified depending on the audience reading your plan. However, keep these alterations limited from one plan to another. This means when sharing financial projections, keep that data the same across the board.

7. Explain why you care.

Whether you’re sharing your plan with an investor, customer, or team member, your plan needs to show that you’re passionate, dedicated, and actually care about your business and the plan. You could discuss the mistakes that you've learned, the problems that you’re hoping to solve, listing your values, and what makes you stand out from the competition.

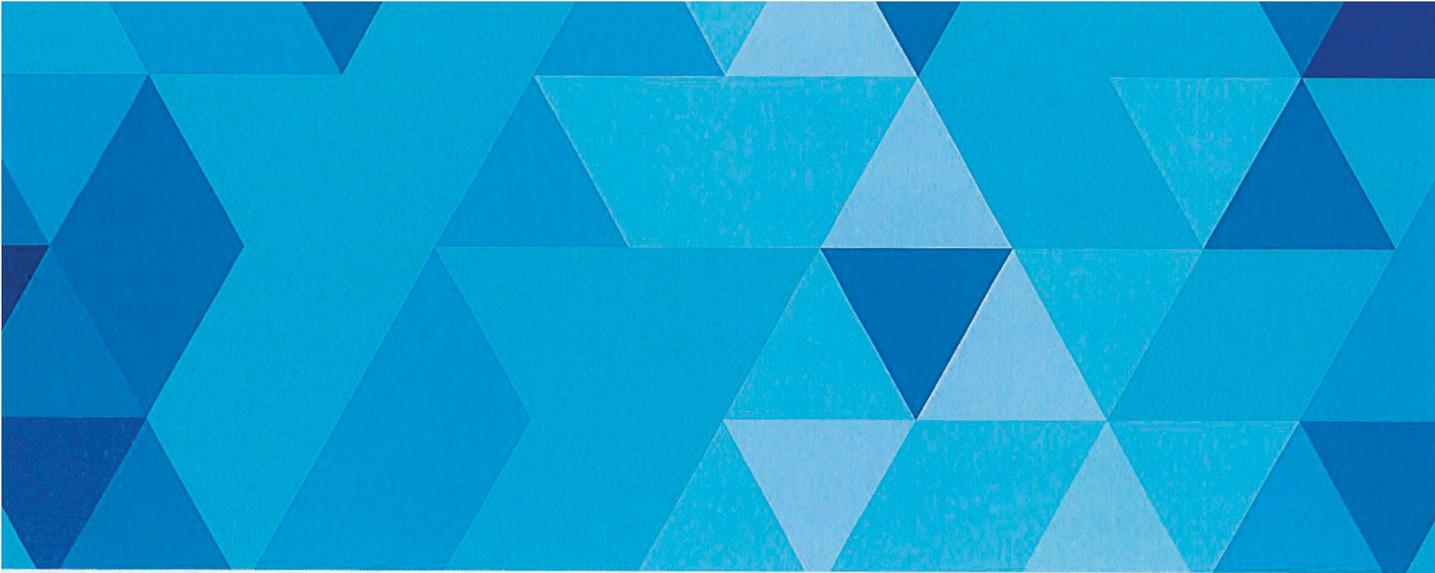
When I started my payments company, I set out to conquer the world. I wanted to change the way payments were made and make it easier for anyone, anywhere in the world to pay anyone with little to no fees. I explained why I wanted to build this. My passion shows through everything I do.

By explaining why you care about your business creates an emotional connection with others so that they'll support your organization going forward.



# Business Plan Template

[business.com](http://business.com)



Business Plan for

Company Name

Primary Contact

Physical Address

Telephone

URL

Email address of primary contact

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# TWELVE MONTH CASH FLOW FORECAST

## Projected Income Statement: Year 1 (By Month) and Changes to Cash

	1	2	3	4	5	6	7	8	9	10	11	12	Yearly Total
Income													
Sales													
<Less Cost of Goods>*													
Gross Profit Margin													
<b>Operating Expenses</b>													
Salary/Wages													
Payroll Taxes													
Employee Benefits													
Rent													
Telephone													
Utilities													
Car/Delivery													
Supplies													
Marketing													
Legal/Accounting													
Insurance													
Property Tax													
Interest													
Other													
Depreciation*													
<b>Total Operating Expenses</b>													
<b>Net Profit Before</b>													
<b>Income Taxes</b>													
<b>Changes to Cash</b>													
Less Soc Sec & Income Tax													
Less Principal on Loan													
Less Owner's Draw (Take home)													
Plus Depreciation													
<b>Total Changes to Cash</b>													

\*Cost of Goods: Costs associated with the units sold such as cost of inventory, raw material, shipping, storage, packaging and production-related labor.

\*Depreciation: For tax purposes, an allowable deduction made for a loss in assets' value (wear, age).

## MONTHLY BUDGET WORKSHEET

Monthly Expense	Budget	Actual	Monthly Expense2	Budget2	Actual2
<b>Deductions</b>	\$	\$	Personal & Health	\$	\$
Savings (to set aside)	\$	\$	Clothing	\$	\$
Child Support, Alimony etc.	\$	\$	Toiletries & Care Products	\$	\$
Other:	\$	\$	Haircuts	\$	\$
<b>Housing</b>	\$	\$	Gym & Sport Club Dues	\$	\$
Rent or Mortgage payment	\$	\$	Health, Life, etc. Insurance	\$	\$
Utilities	\$	\$	Doctor & Dentist Visits	\$	\$
Home Insurance & Taxes	\$	\$	Prescription & OTC Drugs	\$	\$
Other:	\$	\$	Other:	\$	\$
<b>Debt Payment</b>	\$	\$	Education	\$	\$
Credit Card Payments (min)	\$	\$	Tuition	\$	\$
Other Loans:	\$	\$	Books & Fees	\$	\$
<b>Food</b>	\$	\$	Supplies	\$	\$
Groceries	\$	\$	Other:	\$	\$
Dining Out	\$	\$	Entertainment	\$	\$
Coffee & Bar	\$	\$	Tickets for Shows & Games	\$	\$
Other:	\$	\$	Books & Magazine subscr.	\$	\$
<b>Transportation</b>	\$	\$	DVDs, CDs, Video Games	\$	\$
Car Payment	\$	\$	Other:	\$	\$
Car Insurance + Taxes	\$	\$	Miscellaneous	\$	\$
Car Maintenance	\$	\$	Charity, Gifts & Offerings	\$	\$
Gas	\$	\$	Pet Supplies & Vet	\$	\$
Public Transit, Parking, Tolls	\$	\$	Entertaining Guests	\$	\$
Other:	\$	\$	Cash not Accounted for	\$	\$
<b>Family</b>	\$	\$	Other:	\$	\$
Day Care & Babysitting	\$	\$			
Activities & Lessons	\$	\$			
Allowances & Child Support	\$	\$			
Other:	\$	\$			
			Summary Calculation	\$	\$
			Monthly <b>Net</b> Income	\$	\$
			- Expenses Total	\$	\$
			<b>Monthly Spendable Income</b>	<b>\$</b>	<b>\$</b>

# Why Have Personnel Policies & Procedures?

by Marcia Moore, MSSW, Demand Media  
[www.smallbusiness.chron.com](http://www.smallbusiness.chron.com)



Company policies and procedures make an organization run smoothly. Policies are general guidelines that regulate employee actions in a company. Procedures are customary methods of handling activities and can be more specific than policies. For example, a policy may state that an employee is entitled to expense reimbursement for certain business items. Procedures establish a specific method (required form, coding of expenses, date for submission, and person responsible for expense reports) for submitting an expense report.

## **Purpose of Personnel Policies and Procedures**

Developing clearly written policies and procedures that are documented, updated, and followed brings structure to an organization and assists in the day-to-day decision-making processes. Policies and procedures need to be adaptable to the needs of the company and enforced across the organization. Policies and procedures also serve as an internal control method so managers cannot take free license to make creative or unauthorized decisions.

## **Types of Policies**

Policies provide several types of information that new and established employees need to know. New employees need to understand such factors as dress requirements, breaks and lunch practices, working hours, electronic equipment use, treatment of company property, and confidential information. All employees must understand policies in regards to vacation, sick time, leaving early, holiday pay, medical leaves, and benefits. Supervisors and managers have policies that explain discipline processes, coaching, and counseling employees.

## **Relationship of Policies and Procedures**

There is a relationship between policies and procedures. For each clearly defined policy, there needs to be a written communication on how to apply the policy, how it is enforced, whom it affects, and who is in charge. Policies and procedures need to be accessible to all employees. Some companies develop manuals or handbooks to provide to employees. Other companies may keep the information in a software package accessible by computer. For example, if an employee reviews the policy on applying for a vacation, a procedure should be available to explain the necessary steps.

## **Policy and Procedures Owners**

Policy and procedures owners are held accountable for the timely review, updating, and distribution of this information. In some companies, the human resources department, which usually handles employee business, is responsible for the development of policies and procedures as well as supporting their enforcement. In smaller companies, a supervisor or manager may be responsible for maintaining the documents.

### **Policies Required by Law**

Some policies are required based on legal responsibility. Title VII of the Civil Rights Act of 1964 require that companies provide a work environment that is free from any form of sexual harassment. Based on this requirement, some companies have established a "zero tolerance" sexual harassment policy that can lead to immediate termination in some cases. The Equal Employment Opportunity Act prohibits companies from discriminating against any present or potential employee on the basis of race, sex, religion, country of origin, and color. In response, companies have strict policies for recruiting, selecting, and treating employees.

# SAMPLE POLICY and PROCEDURES GUIDE

## HR Policy Statement

This handbook is intended to provide you with a general understanding of our basic Human Resource policies. You are encouraged to familiarize yourself with our policies, as they will answer many common questions concerning your employment with us.

Our HR Policies cannot anticipate every situation or answer every question about employment. They are not an employment contract and are not intended to create contractual obligations of any kind. Neither the employee nor the company is bound to continue the employment relationship if either chooses, at its will, to end the relationship at any time. *(Note: "Employment at will" statements are more enforceable in some states than in others. Having this statement cannot hurt, however do not try to apply it if the state in which you are located does not recognize "employment at will".)*

In order to retain necessary flexibility in the administration of policies and procedures, the company reserves the right to change, revise, or eliminate any of the policies and/or benefits described in this handbook at any time.

## Company Overview

*(Note: This must be customized for your business, so what follows is only used to motivate your thinking.)*

\_\_\_\_\_ was formed on \_\_\_\_ month/year \_\_\_\_\_. Our Company started because \_\_\_\_\_  
\_\_\_\_\_. Our typical customers are \_\_\_\_\_  
\_\_\_\_\_ and we do our best to provide them the products and services they need at a competitive price.

The name \_\_\_\_\_ pays homage to the fundamental philosophy we have utilized in building our businesses. We believe in "mutual success." We build mutually beneficial professional alliances with our customers, suppliers, and our employees that help all to grow and prosper.

Our main business office is located \_\_\_\_\_, and we have satellite offices \_\_\_\_\_  
\_\_\_\_\_. From all of our locations, we want to provide superior customer service, \_\_\_\_\_, and \_\_\_\_\_.

## Probationary Period

The probationary period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. The company uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or the company may end the employment relationship at will at any time during or after the probationary period, with or without cause or advance notice.

All new and rehired employees work on a probationary basis for the first 90 calendar days after their date of hire. Any significant absence will automatically extend a probationary period by the length of the absence. If the company determines that the designated probationary period

does not allow sufficient time to thoroughly evaluate the employee's performance, the probationary period may be extended for a specified period.

### **Performance Evaluations and Compensation**

Performance evaluations are conducted at the end of an employee's probationary period, to discuss job responsibilities, standards, and performance requirements. Additional formal performance reviews are conducted to provide both the company and employees the opportunity to discuss job tasks, identify and correct performance deficiencies, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

The performance of all employees is generally evaluated according to an ongoing 12-month cycle.

Merit-based pay adjustments may be given to recognize truly superior performance and shall be at the sole discretion of the company.

### **Benefits**

Employees who have passed their probationary period are provided the following benefits. A number of the programs (such as Social Security, workers' compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by law.

The following benefit programs are available to employees:

- Holidays
- Vacation
- Benefits
- Sick Leave

*(Note: Add other benefits here by listing them if you offer them)*

### **Holidays**

The company will grant holiday time-off to employees on the holidays listed below: *(Note: paid or unpaid)*

- New Year's Day (January 1)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (first Monday in September)
- Thanksgiving (fourth Thursday in November)
- Christmas (December 25)

*(Note: Add other holidays here by listing them if you offer them)*

### **Vacation**

Vacation time-off with pay is available to employees to provide opportunities for rest, relaxation, and personal pursuits. The amount of paid vacation time an employee receives each calendar year will be communicated at the beginning of the calendar year.

Paid vacation time can be used in minimum increments of one day. To take vacation, employees must request advance approval. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

Vacation time-off is paid at the employee's base pay rate at the time of vacation. It does not include overtime or any special forms of compensation.

In the event that available vacation is not used by the end of the year, employees will forfeit the unused time as permitted by law.

*(Note: If you have a vacation formula based on length of service, add it here)*

## **Sick Leave**

A reasonable amount of sick leave will be provided for;

Sick time-off may be either paid or unpaid and will be granted solely at the discretion of the company. Sick leave is not automatic and will be granted only when absences are due to personal, legitimate illness or injury. Sick leave cannot be used for work related injuries--those are handled under Workers' Compensation state laws.

If an employee is absent for three or more consecutive days due to illness or injury, a physician's statement may be requested verifying the disability and its beginning and expected ending dates. Such verification may be requested for other sick leave absences as well and may be required as a condition to receiving sick leave benefits.

## **Termination**

Unfortunately, termination of employment is an inevitable part of personnel activity within any company, and many of the reasons for termination are routine.

Since employment with the company is based on mutual consent, both the employee and the company have the right to terminate employment at will, with or without cause, at any time. Employees will receive their final pay in accordance with applicable state law.

It is not possible to list all the forms of behavior that are considered unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

- Theft or inappropriate removal or possession of company property
- Falsification of timekeeping records, the application form, or any other company records
- Working under the influence of alcohol or illegal drugs
- Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace, while on duty, or while operating employer leased or owned vehicles or equipment
- Fighting or threatening violence in the workplace
- Negligence or improper conduct leading to damage of employer leased or owned property or customer property
- Insubordination or other disrespectful conduct
- Sexual or other unlawful harassment
- Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace
- Excessive absenteeism or any absence without notice.
- Unauthorized disclosure of business "secrets" or confidential information
- Unsatisfactory performance or conduct
- Gambling in the workplace or on company premises
- Failure to immediately report a work-related injury
- Misuse of company funds/money/equipment/property

Any employee found to be operating a company leased or owned motor vehicle while under the influence of alcohol or illegal drugs will be immediately terminated.

### **Alcohol & Drug Use Testing**

The company is committed to providing a safe, efficient, and productive work environment for all employees. In keeping with this commitment, employees and job applicants will be asked to provide body substance samples (e.g., blood, urine, hair) to determine the use of alcohol/drugs. The company will attempt to protect the confidentiality of all test results. Alcohol/drug tests will be conducted in any of the following situations:

**PRE-EMPLOYMENT** - As a prequalification to assuming any position, prospective employees are required to be screened for alcohol/drug use. *(Note: It is highly recommended that you use a hair test to screen potential new employees. The hair test gives you 90 days of history of any drugs ingested by the applicant and is fool proof in that the only way to "beat" this test is to have no hair. Urine and blood tests can be defeated a number of ways [do an Internet search on "how to beat a drug test" for an eye opener]. Plus, blood and urine sampling only gives you a three day look-back instead of the 90 days for hair tests. The last thing you want to do is hire someone who has a drug problem and the only way you can be relatively certain of this is to do a hair sampling.)*

**POST-EMPLOYMENT** - Current employees will undergo urine and/or blood drug/alcohol testing after any of the following incidents:

- An on-the-job injury;
- An on-the-job accident with a motor vehicle;
- When there is reasonable suspicion that an employee may be under the influence of alcohol or drugs, following a serious or potentially serious incident in which safety precautions were violated or unusually careless acts were performed;
- Where there is reasonable cause to believe the employee is impaired. Reasonable cause shall be defined as those circumstances, based on objective evidence about the employee's conduct in the workplace that would cause a reasonable person to believe that the employee is demonstrating signs of impairment. Examples of objective evidence include, when an employee shows signs of impairment such as difficulty in maintaining balance, slurred speech, erratic or a typical behavior, or any other appearance of impairment;
- When an employee returns to work from a layoff of more than sixty (60) consecutive calendar days; and
- When an employee returns from any leave (including medical and occupational injury leave) of more than sixty (60) consecutive calendar days;
- Random drug/alcohol testing where allowed by federal, state or local laws.

The company implements as a condition of employment an employee drug testing program and reserves the right to test for drugs at any time during the course of employment as allowed by applicable federal and state laws. Subject to any limitations imposed by law, a refusal to provide a body substance sample under the conditions described above will result in termination of employment even if this is the first such occurrence.

### **Use of Company Computers**

It is each employee's responsibility to safeguard proprietary company information. Never give your User ID or Password to anyone. Employees are expected to exit and log off all systems at

the end of every business day or when a workstation is left unattended for an extended period of time.

It is forbidden to copy or install any illegal software onto company computers.

The company provides access to Electronic Mail and the Internet as business tools. These facilities represent considerable commitment of company resources for telecommunications, networking, software, storage, etc. All existing company policies apply to your conduct when sending and receiving electronic mail and accessing websites through the Internet. The display of any kind of sexually explicit image or document on any company system is a violation of our policy on sexual harassment. In addition, sexually explicit material may not be archived, stored, or distributed using company-owned computing resources. If you receive an inappropriate electronic mail, you should delete it immediately and notify the sender of our policy.

The following list identifies each system that monitors activity and the type of information it monitors:

*Computers* - the network operating system records the following:

- Date and time of login/logoff, and the location of the computer used to access network.
- Date and time a software application is accessed, documents accessed, and how much is typed. In addition, the system allows network administrators to access all documents and to restore some deleted documents.
- Date and time Internet is accessed, location of the computer used to access Internet, websites visited, searches performed, and search engines used.
- Electronic mail (e-mail) - the system allows network administrators to access all e-mail files and messages composed, sent, or received by employees.
- Online research - the system records date, time, and duration of access, user identification number, and searches performed.

*Telephones* - the telephone system records telephone numbers dialed from each telephone, and the system allows the company to access voicemail messages received by employees.

The company reserves the right to retrieve, monitor, or review any information in its electronic or communications systems, including deleted messages or files as allowed by federal and state laws. If the company reasonably believes that employee(s) is/are engaged in illegal activity or misconduct, the company may use electronic monitoring to produce evidence of that activity, without prior notice to the employee(s).

The protection of confidential business information and trade secrets is vital to the interests and the success of the company. Such confidential information includes, but is not limited to, the following examples:

- Customer lists
- Financial information
- Marketing strategies
- New materials research
- Proprietary product processes
- Research and development strategies

- Technological data
- Technological prototypes

Employees who are exposed to confidential information may be required to sign a non-disclosure agreement as a condition of employment. Any employee who discloses trade secrets or confidential business information will be subject to disciplinary action, even if he or she does not actually benefit from the disclosed information.

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**(NOTE: THE FOLLOWING TWO DOCUMENTS SHOULD NOT BE INCLUDED IN THE POLICY HANDBOOK BUT SHOULD BE AGREEMENTS THAT ARE PRESENTED TO A POTENTIAL EMPLOYEE ALONG WITH HIS/HER OTHER TERMS AND CONDITIONS OF EMPLOYMENT UPON HIRE AND SHOULD BE PART OF THE HIRING PROCESS DOCUMENTATION.)**

**Confidentiality Agreement**

\_\_\_\_\_ agrees to keep secret and retain in the strictest confidence all confidential matters which relate to the Company, including, without limitation, customer lists, client lists, trade secrets, pricing policies and other business affairs of the Company learned by him or her from the Company and to not disclose any such confidential matter to anyone outside the Company, whether during or after his or her period of employment with the Company, except as may be required in the course of a legal or governmental proceeding. Upon request by the Company, \_\_\_\_\_ agrees to deliver promptly to the Company upon termination of his or her employment with the Company, or at any time thereafter as the Company may request, all Company memoranda, notes, records, reports, manuals, drawings, designs, computer files in any media and other documents (and all copies thereof) relating to the Company's business and all property of the Company, which he or she may then possess or have under his or her control.

Signed and agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

BY: \_\_\_\_\_  
 Employee

BY: \_\_\_\_\_  
 Company

**Non-Compete Agreement**

\_\_\_\_\_ agrees that at no time during his or her employment nor for a period of one (1) year immediately following the termination of his or her employment will \_\_\_\_\_ for himself or herself or on behalf of any other person, partnership, company or corporation, directly or indirectly, provide consulting or other services to, be employed by, or own, manage, operate or control any entity engaged in a business similar to the business engaged in by the Company at the time of such termination of employment.

\_\_\_\_\_ agrees that, at all times during his or her employment and for a period of one (1) year immediately following the termination thereof, he/she will not directly or indirectly employ or seek to employ any person or entity employed at that time by the Company, or otherwise encourage or entice such person or entity to leave such employment.

Signed and agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

BY: \_\_\_\_\_  
Employee

BY: \_\_\_\_\_  
for the Company

***(Note: States differ on the enforceability of non-compete agreements. If fact, some states do not allow them at all. If you have made entering into a non-compete agreement a condition of employment, you are in better shape than if you have not. Also, in some states the "similar" business test is quite strict and in other states, one year is not considered reasonable. Therefore, before you try to enforce a non-compete agreement, you are urged to seek local legal counsel.)***

# HOW TO PREPARE A LOAN PACKAGE

[www.sba.com](http://www.sba.com)

## So You Think You Need a Loan

Getting a business loan is an age-old problem. Most entrepreneurs find it to be one of the greatest struggles they face. While the process can be time consuming and even frustrating, your chances of being successful are greatly increased, if you are informed and well prepared. Being informed means doing your homework and understanding the borrowing process. Being prepared means putting together a meaningful loan package that addresses the most common questions a lender will ask. Questions such as: What is the specific purpose of the loan? How much of a loan are you requesting? When and how long will you need the funds? How will the loan be repaid? What collateral can be used to secure the loan? Will you provide a personal guaranty? Answers to these questions, as well as supporting documentation are essential to the lending decision and will shape your lender's response. Let's look at each of these items.

## Loan Purpose

Clearly defining the purpose of a loan request is critical. A lender will review your financial requirements based primarily on two types of capital infusions, working capital and growth capital.

- Working capital is used to meet fluctuating needs that will be repaid during the company's next full operating cycle, generally one year.
- Growth capital is used to meet needs that will be repaid with profits over a select period of time, usually not more than seven years, although some financing options may provide a longer loan maturity. If seeking growth capital, you will be expected to show how the money will be used to increase profits sufficiently to repay the loan in the agreed-upon time frame.

## Loan Amount

How much of a loan do you need to support specific business needs? This is the question you should address, **NOT**, how much can I borrow? Clearly defined business needs should be tightly aligned with the amount of financing you are requesting. How accurately and convincingly you speak to this will often determine your lender's interest in your request and set the tone for further dialog. Remember, **100% financing** is not an option and never ask to borrow money you don't need.

## Loan Maturity & Terms

A lender will want to know how long you need the borrowed funds. The reality, however, for working capital or asset-based loans is that the loan maturity will be tied to the amount of time needed to satisfy specific cash flow issues or the life expectancy of the asset being purchased. For instance, working capital loans or lines of credit would have short-term maturities, typically less than one year. An asset-based or equipment loan, perhaps to purchase a business

vehicle or machinery, could have a maturity tied to the lifecycle of the asset. This type of loan typically would have a maturity of three to seven years. The key exception would be SBA guaranteed loans. Such loans could have maturities greater than ten years.

## Repayment

Loan repayment is important to a lender. You should give serious and careful consideration to how your business will repay a requested loan. A lender will examine past and projected financial statements to determine if your company can and will generate sufficient cash flow to service new debt, with on time payments. Remember, the lender will be looking for documented evidence and assurance that a given loan can and will be paid on-time and in full. A lender's concerns are no different than your-own. If you were going to lend money to a friend or acquaintance, you would want assurances that the debt will be satisfied as agreed.

## Collateral

Collateral is another major piece of the financing pie. Lenders find comfort in using collateral to secure a loan. Remember, it's all about lowering risk. The question will be asked so you might as well prepare yourself. What collateral do you have, or will you acquire with loan proceeds, that is available to secure your loan request? Examples of collateral include: real estate, inventory, savings, stock, equipment and motor vehicles. For instance, a lender may secure a working capital loan with inventory and accounts receivable. In another example, a lender may secure an asset loan with the asset or equipment being acquired. In both cases, the lender would probably ask for a personal guarantee as well. Lenders can be very creative in using collateral to secure a loan. Consider all of your options. To prepare yourself, identify available collateral, estimate its value and be prepared to provide supporting documentation to justify its worth.

## Personal Guaranty

It is almost a certainty that you will be asked to provide a personal guaranty, if you borrow money for a small business. It matters NOT, that your business may be incorporated. As we said earlier, it's all about lowering risk. A personal guarantee means that you are willing to pledge your personal assets to protect the lender, in a situation where you are unable to re-pay the loan.

## Components of a Loan Package

Let's now consider what a loan request package should look like. It is important to point out loan packaging is not an exact science. In fact, loan packaging means different things to different people. A good package will tell a compelling story and answer most, if not all questions, a lender may have about your business and loan request. It will provide enough information and documentation so that your loan request is clearly understood and that your lender could discuss and defend it before a loan committee. There are three major components of a loan package, with some components containing multiple parts. Again, this is not an exact science and different lenders require different things. However, for our discussion and general purposes, we will focus on the following components: statement of purpose, business plan and financial statements.

## Statement of Purpose

The statement of purpose is a critical component of the loan package and is sometimes developed within a letter to a specific lender or is otherwise labeled the “executive summary” and is attached to the business plan. How it is done is up to you. What’s important is that it be well written and informative, as it’s likely to be the first thing the lender reviews. It should include information about the request in terms of amount, purpose, duration, repayment and available collateral. It also should include a brief description about the business and include a crisp narrative outlining the positive effects the loan will have on the business. Finally, this statement of purpose should include one or several paragraphs describing the amount of capital invested by the owners.

## Business Plan or Plan Excerpts

Having a comprehensive, well thought out business plan is essential to the financing process. You need a business plan before a lender will provide a loan. In fact, without one, even approaching a lender may be pointless. A good loan package will include a current business plan or key excerpts from your plan. In addition to the statement of purpose, just discussed, and financial statements, which will be discussed in the next section, your loan package should include a current business plan or plan excerpts, with at least the following sections:

- **Business description & vision**
- **Market definition and analysis**
- **Description of products and services**
- **An overview of your organization and management**

There are many business plan templates available on the internet which may assist you in finding the format most appropriate for your business.

## Financial Statements

Financial statements are a critical and necessary component of a loan request package. They tell a story about the financial capacity and performance of a business. A well prepared package will include four types of statements: cash flow statement, income statement, balance sheet and personal financial statement.

## Cash Flow Statement

A cash flow statement is used to monitor and project incoming and outgoing cash, typically on a monthly basis. It helps you and your lender determine how much cash your business will have on hand at any point in time. If your business has or will have a negative cash position, it means that at a given point in time you have more money going out than coming in and you will probably not be able to pay your bills. Obviously, this type of information will get a lender’s attention. Your package should include a current twelve month cash flow statement, projected for at least six months out. All cash projections should be realistic and supported.

## Income Statement

The income statement is a measure of how a business has performed over a specific period of time, usually six months or one year. It measures all income less all expenses to arrive at the amount of profit or loss generated by the business for the period. If your business is a new venture, your loan package should include a projected income statement, projected for twelve months out. If you are an existing business with a history, include income statements for the last three years, if available. Your lender may also request a current interim income statement.

## Balance Sheet

The balance sheet represents the basic accounting equation: assets minus liabilities, equals net worth. It is a snap shot of business financial capacity at a specific point in time. If you are a new business, your loan package should include a balance sheet representing assets and liabilities, as of your planned opening date, and another, projected for twelve months after your opening date. If an existing business, include balance sheets for the last three years, if available.

## Personal Financial Statement

A personal financial statement is a simple balance sheet measuring net worth. It identifies personal assets and debts to help a lender determine a borrower's net worth. This statement is important to the overall loan request, because it helps the lender evaluate a borrower's financial capacity and ultimately the value of the personal guaranty.

## Loan Packaging Tips

We have talked about what a lender will want to know and what should be in a loan package. Let's now consider some helpful tips in pulling it all together. The loan package should:

- **Be brief, to the point and easy to read. This is important.**
- **It should emphasize the management strength of your business. Convince the lender that you and your team have the skills, passion and expertise to be successful.**
- **Your loan package should present attractive projections that paint a realistic picture with substantiated assumptions**
- **Throughout the package you should weave in the theme: "this is how you will get your money back." Lenders want to know how and will they will get their money back.**
- **Importantly, proofread what you prepare. Better yet, have someone else go through it for spelling, grammar and style.**
- **And finally, learn from your mistakes. If you get rejected from one lender, find out why and FIX the problem.**

## Loan Packaging Tips

After you submit your loan request to a lender, how will it be evaluated? Your lender will review your request using three key credit factors. But first, it's important to point out -- that lenders are in the business to make money and the way they make money is by making loans.

However, a loan officer's career is based on not making mistakes. The bottom line, you have to convince the lender that you and your business are a good risk. Your character, capacity and collateral, among other credit factors, will be considered by the lender in making a loan decision.

Character is actually a check on your financial status and personal credit history, including your previous loan payment record. The theory is -- people are creatures of habit -- if you have repaid prior debts on time and in full, you will likely pay this requested loan on time. Also considered is experience in the type of business you are trying to finance, including level of responsibility, education and business management training.

Financial capacity is about having sufficient cash flow to pay-off a loan. This underlies the importance of preparing a cash flow statement with future cash projections before presenting your loan request to a lender. Doing so indicates that you are knowledgeable about the cash coming into your business and being spent. In the lender's mind, it shows that you are "financially aware" and that you may be better able to avoid a cash shortage that would jeopardize making monthly loan payments.

Lastly, while cash flow is the primary source of loan repayment, lenders will want a back-up or secondary source, as an "exit of last resort," should your business not prove profitable. Collateral is that secondary source and it is important to the lender because it lowers risk. Remember, it's all about lowering risk so the lender feels confident the loan will be paid on time and in full.

## Next Steps

Put what you have learned into action.

**Step 1.** Identify potential or existing financial needs for your business.

**Step 2.** Test the waters by talking with a local lender about types of loans available to small businesses.

**Step 3.** Talk with a mentor, business coach or SBA representative about all available small business loan products.

**Step 4.** Prepare a draft loan package and review it with a lender, mentor or business coach.

## Additional Assistance

Many resources are available to assist you. The following resources can help you build a foundation of knowledge.

**SBA** has over 60 district offices located throughout the country to help you start and grow your business.

There are more than 1,000 Small Business Development Center locations around the country. SBDC's provide management assistance to current and prospective small business owners.

**SCORE** is a powerful source of free and confidential small business advice to help build your business. More than 10,000 SCORE volunteers are available to share their wisdom and lessons learned in business.

**The Small Business Training Network** is a powerful virtual campus.

And finally, Women's **Business Centers** assist women in achieving their dreams by helping them start and run successful businesses. Some 90 WBCs are located around the country. Other Resources

Other specific and very helpful resources include: SBA's financing information section on the web; SBDC-Net; a free online business planning course; SCORE's business tools and templates; and an agency checklist of required documents for SBA loan guarantees.

## CERTIFYING AGENCIES

### **PBC OFFICE OF SMALL BUSINESS DEVELOPMENT (OSBD)**

#### **SBE Certification**

50 S. Military Trail, Suite 202 | West Palm Beach, FL 33415

Phone: 561-616.6840

Website: <https://discover.pbc.gov/HED/osbd/Pages/default.aspx>

### **OFFICE OF ECONOMIC AND BUSINESS DEVELOPMENT**

#### **DBE Certification**

115 S. Andrews Avenue, Room A680 | Ft. Lauderdale, FL 33301

Phone: 954-357-6400

Website: [www.broward.org/econdev](http://www.broward.org/econdev)

### **SCHOOL DISTRICT OF PALM BEACH COUNTY**

#### **Office of Small Business Development**

#### **SBE Certification**

3300 Summit Blvd. | West Palm Beach, FL 33406

Phone: 561-681-2403

Website: [www.palmbeach.k12.fl.us/mwbe](http://www.palmbeach.k12.fl.us/mwbe)

### **CITY OF WEST PALM BEACH**

#### **M/WBE Certification**

#### **Office of Small Minority Business Programs**

200 Second Street | West Palm Beach, FL 33401

Phone: 561-822-2103

Website: [www.wpb.org/procurement](http://www.wpb.org/procurement)

### **SOUTH FLORIDA WATER MANAGEMENT DISTRICT**

#### **Small/Minority Business Development Initiative**

3301 Gun Club Road | West Palm Beach

Phone: 561-682-6446

Website: [www.sfwmd.gov](http://www.sfwmd.gov)

### **STATE OF FLORIDA**

#### **M/WBE Certification**

#### **Florida Department of Management Services**

4050 Esplanade Way, Suite 380 | Tallahassee, FL 32399-0950

Phone: 850-487-0915

Website: [www.dms.myflorida.com/osd](http://www.dms.myflorida.com/osd)



## **Palm Beach County Board of County Commissioners**

The Office of Small Business Development is responsible for monitoring conditions affecting local small businesses within the marketplace that can provide goods and services to Palm Beach County, thus creating an environment that encourages the growth and development of small businesses in Palm Beach County.

**MISSION:** To foster the growth of local small business enterprises (SBEs) in the county's procurement process which influences the economic development of the county.

**CORE SERVICES:** The OSBD's primary programs are certification, compliance, outreach, and referrals to resources for financial or technical assistance. These programs are tailored to support the increasing number of small business enterprises (SBE) in Palm Beach County; allowing them to develop the necessary skills to start and operate an efficient and profitable business.

**The Small Business Development Program** is an aggressive attempt on the part of the Board of County Commissioners to ensure that all businesses are afforded an opportunity to participate in our free enterprise system, while providing technical assistance and business resources to Palm Beach County's small businesses.

### **Annual Goal**

The annual SBE Goal for County procurement of construction, professional services, and commodities shall be a minimum of twenty percent (20%). The annual goal shall be applied to the procurement of all goods, services, or construction unless otherwise approved by the County Administrator.

## **BENEFITS OF BECOMING SBE CERTIFIED**

- ☑ Local companies and other government agencies accept Palm Beach County's certification to achieve vendor growth.
- ☑ Minimum mandatory goals are 20% on all Palm Beach County contracts.
- ☑ An Affirmative Procurement Initiative plan designed to encourage equitable utilization and greater participation of certified SBE businesses.
- ☑ Increased opportunities to network and participate as a prime or subcontractor with Palm Beach County.
- ☑ All certified SBEs are listed in OSBD's daily updated online directory for maximum exposure.
- ☑ A resource to improve your company's growth in revenue.

## **Eligibility**

In order to be eligible for certification, a bona-fide small business enterprise must be domiciled in Palm Beach County, registered with the Palm Beach County Purchasing Department ([www.pbcgov.com/purchasing](http://www.pbcgov.com/purchasing)) and meet the size standards as set forth in the Palm Beach County Code, as amended.

Domiciled in Palm Beach County means the business holds a valid Palm Beach County Business Tax Receipt and has a permanent place of business in Palm Beach County.

## **How to Become a Certified SBE Vendor**

1. Register as a Vendor with Palm Beach County.
2. Submit a completed application and supporting documentation for SBE certification to the OSBD.

## **Vendor Registration**

OSBD requires a vendor registration number which is obtained from the Palm Beach County Purchasing Department. To register as a new Palm Beach County Vendor or activate an existing vendor account, you must do so by registering via the Palm Beach County Vendor Self Service System at:

<https://pbcvssp.co.palm-beach.fl.us/webapp/vssp/altselfservice>.

## **Certification Application**

Applications are available on our website <https://discover.pbc.gov/HED/osbd/Pages/default.aspx> or at 50 S. Military Trail, Suite 202, West Palm Beach, FL 33415.

## **Certification Processing Cost & Time**

There is no fee required to apply for certification. The certification process takes up to ninety (90) business days. Expedited certification is available at a cost of \$300. The proper payment and an expedited review form must be submitted with an application a minimum of twenty (20) business days prior to the RFQ/IFB/RFP opening or submission date. Please contact the OSBD for additional details.

## BUSINESS RESOURCES

AGENCY	SERVICES PROVIDED	PHONE	WEBSITE
<b>Center for Enterprise Opportunity (CEO) formerly Business Loan Fund of the Palm Beaches</b>	Entrepreneurial institute program that provides easy access to in-house general and specific subject matter experts at low or no cost to the business customer. Areas of expertise include, but are not limited to, accounting, business management, business development, relationship marketing, branding, customer service, business structuring and strategy.	561.478.2337	<a href="http://www.ceoventures.org">www.ceoventures.org</a>
<b>Consumer Affairs</b>	Investigate, negotiate, and mediate consumer complaints against businesses with a goal of avoiding any future conflicts and misunderstandings. We protect consumers and businesses from unlawful, deceptive and unfair trade practices by the enforcement of existing Ordinance laws and regulations.	561.712-6600	<a href="http://www.pbcgov.com/publicsafety/consumeraffairs">www.pbcgov.com/publicsafety/consumeraffairs</a>
<b>Department Of Business And Professional Regulation (DBPR)</b>	Licensing and regulating businesses and professionals in the State of Florida, such as cosmetologists, veterinarians, real estate agents and pari-mutuel wagering facilities.	850.487.1395	<a href="http://www.Myfloridalicense.com/dbpr">www.Myfloridalicense.com/dbpr</a>
<b>Florida Department of Agriculture and Consumer Services</b>	Licensing for security firms, plant/agriculture industry, food industry, etc.	800.435.7352	<a href="http://www.freshfromflorida.com">www.freshfromflorida.com</a>

<b>FAU Small Business Development Center (SBDC)</b>	Assist small businesses with financial, marketing, production, organization, engineering and technical problems and feasibility studies. Special SBDC programs and economic development activities include international trade assistance, technical assistance, procurement assistance, venture capital formation and rural development.	954.762.5129	<a href="mailto:sbdc@fau.edu">sbdc@fau.edu</a>
<b>PBC Planning, Zoning and Building</b>	Roadside Vendor Permits, Certificates of Competency for Specialty Trades, Contractor Certification, etc.	561.233.5000	<a href="http://www.pbcgov.com/pzb">www.pbcgov.com/pzb</a>
<b>PBC Department of Economic Sustainability</b>	Bonds, Grants, Loans, Taxes, Program Coordination, etc.	561.233.3600	<a href="http://www.pbcgov.com/des">www.pbcgov.com/des</a>
<b>PBC Tax Collector</b>	Business Tax Receipts (Previously named Occupational License) etc.	561.981.5180	<a href="http://www.pbctax.com">www.pbctax.com</a>
<b>SCORE</b>	Small business advice, business mentoring, resource tools, templates,	561.833.1672	<a href="http://www.score.org">www.score.org</a>
<b>State of Florida Divisions of Corporations</b>	State of Florida business filings. (i.e. LLC, Inc., Fictitious Names)	850.245.6052	<a href="http://www.sunbiz.org">www.sunbiz.org</a>
<b>TED Center</b>	Technical support, Information Technology, Real Estate Development, Training, Business Networking and Access to Funding	561.265.3790	<a href="http://www.tedcenter.org">www.tedcenter.org</a>
<b>Department of Revenue</b>	General tax administration and property tax oversight	800.352.3671	<a href="http://www.dor.myflorida.com">www.dor.myflorida.com</a>

