

INCORPORATING YOUR SMALL BUSINESS

If you are a small business and are thinking of incorporating your business, below is a checklist of steps you need to take before opening your doors as a corporation. Of course, it is best to consult with an attorney to make sure all of the legal requirements of the steps are being followed, so that you can best protect your business and more importantly, your personal assets, from any legal missteps that are commonly made.

- Decide on a business name for your corporation.
- Determine if your corporation's chosen business name is available. This can be done by checking the Secretary of State website at: <http://www.sos.ca.gov/>
- Register your corporation's name. Be sure that if you are going to be doing business under a different name, you must include a "fictitious business name" filing.
- Pick a place to incorporate your business.
- Choose directors for your corporation.
- Create and sign your Corporation's Articles of Incorporation. California has very particular requirements for what must be included in a Corporation's Articles of Incorporation.
- Write your corporation's by-laws. Like the Articles of Incorporation, California has specific requirements for each Corporation's bylaws.
- Create a shareholder agreement. This may not be necessary, depending on the size and number of shareholders of the corporation.
- File your Corporation's articles of incorporation with the Secretary of State, and pay related filing fees.
- Review corporation types and elect the status that is best for your corporation. It may be beneficial to consult an accountant to assist in this decision. If you choose an "S" corporation you must elect this tax status.
- Open a **separate bank account** for your corporation. **DO NOT COMMINGLE FUNDS**. If funds are commingled, your personal assets may not be protected in the event of a legal argument.
- Keep corporate minutes in your corporation's minute book. Minutes **MUST** be kept at every meeting.

- ❑ Hold your first board of director's meetings. These meetings should be held annually. Failure to hold board of director's meetings, or to meet any of the above formalities, can create liability for your personal assets.
- ❑ Issue Certificates to your corporation's initial stockholders.
- ❑ Obtain business licenses and permits for your corporation from the federal government, California, and your local government, if necessary. Do not do business as the corporation until the corporation has the necessary licenses and permits, unless allowed to do so by law.
- ❑ If you are a contractor and require a contractor's license from the Contractors State License Board DO NOT begin contracting as the corporation until the corporation has received its license.