

**SMALL BUSINESS WORKSHOP
ATTACHMENTS**

NEW COMPANY REGISTRATIONS

Texas Secretary of State

Check on name availability
Register Assumed Name

<http://www.sos.state.tx.us/corp/namefilingsfaqs.shtml#nameavailability>

Hood County Clerk

File Assumed Name with County
Ask about local licenses, permits and zoning clearance

<http://www.co.hood.tx.us/index.aspx?NID=360>

Internal Revenue Service

Register company name and obtain EIN

<https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>

Texas Comptroller

Register for Sales Tax collection

<https://www.comptroller.texas.gov/taxes/permit/>

Texas Attorney General

Register to hire employees and collect payroll taxes

<https://www.texasattorneygeneral.gov/files/cs/csquickrefemp.pdf>

<https://portal.cs.oag.state.tx.us/wps/portal/NewHiresFAQ>

https://portal.cs.oag.state.tx.us/OAGStaticContent/EmployerOneStopProject/EmployerOneStop/HelpfulInformation/Tx_employer_new_hire_rpt.pdf

If you are from another state, go on line and locate the equivalent agency for your state. The process is approximately the same for all states and you can make a Google search for the specifics in your state.

BUSINESS PLAN

Name of Company: _____

Plan Date: _____

Contact Information:

Names and Addresses of Principals of the Business:

Description of the Business performed:

Basic Mission:

Principal Operating Objectives:

Financial Performance and Objectives:

 Last Year

 Current Year Forecast:

 Current Year +1:

 Current Year +2:

Current Year Operating Budget:

 Sales

 Cost of Goods Sold

 Gross Margin

 Operating Expenses

 Net Profit

Recommendations and Future Plans:

Relative Advantages and Disadvantages of Various Business Forms, cont.

Issue	Sole Proprietorship	C Corp.	General / Limited Liability Partnership	Limited Partnership	Limited Liability Company	S Corp.
Self-employment Income from Entity	Yes	No	Yes	Yes -GP No -LP	Usually; See Proposed Regs § 1.140-2(a)-18	To extent of salary and bonus
Effect of Passive Loss Limitation Rules	N/A	Applies at corp. level/generally avoidable for larger corps.	Partners may or may not materially participate	Ltd. partners deemed not to materially participate	Members may or may not materially participate	Shareholders may or may not materially participate
Availability of Entity Losses to Owners	N/A	No	Flow through of losses to owners	Flow through of losses to owners	Flow through of losses to owners	Flow through of losses to owners
Fringe Benefits	Limited compared to C Corp	Widest available	Limited compared to C Corp	Limited compared to C Corp	Limited compared to C Corp	Limited compared to C Corp
Estate Planning Opportunities	Fair	Very good	Good	Very good	Very good	Fair
Accumulated Earnings and PHC Tax	N/A	Section 531 and Section 541 applicable	No	No	No	No
State Taxes	Same as individual	Generally uniform and deductible	Generally uniform	Generally uniform	States vary	States vary
Dividend Received Deduction	N/A	Allowed	Not allowed	Not allowed	Not allowed	Not allowed
Effect of Bus. Liabilities on Owner's Basis	Full effect	No effect	Proportionate share	Limited partners share in nonrecourse	Proportionate share	Only shareholder's own loans
Alternative Minimum Tax	Subject to AMT	Subject to corporate AMT	Preference items flow to each partner	Preference items flow to each member	Preference items flow to each member	Preference items flow to each shareholder
Method of Accounting	Cash method	Depends on size and ownership	Generally may use cash method	Generally may use cash method	Generally may use cash method unless farming syndicate	Generally may use cash method

Source: Principles of Ag Law, Roger A. McEowen, Neil E. Harl

EXAMPLE OF A TYPICAL SMALL BUSINESS INCOME STATEMENT

Period Covered: _____

	Total revenue	\$ 1,000,000	100%
Less	Cost of Goods Sold	\$ <u>426,200</u>	42.6%
	Gross Profit	\$ 573,800	57.4%
Less	Operating Expenses		
	Accounting and legal fees	\$ 11,700	
	Advertising	\$ 15,000	
	Depreciation	\$ 38,000	
	Electricity	\$ 2,700	
	Insurance	\$ 15,200	
	Interest and bank charges	\$ 27,300	
	Postage	\$ 1,500	
	Printing and stationery	\$ 8,700	
	Professional memberships	\$ 1,800	
	Rent for premises	\$ 74,300	
	Repairs and maintenance	\$ 21,100	
	Training	\$ 6,900	
	Vehicle operating costs	\$ 20,000	
	Wages and salaries	\$ 223,500	
	Workers compensation	\$ 6,500	
	All other expenses	\$ <u>14,100</u>	
Less	Total Operating Expenses	\$ <u>488,300</u>	48.8%
Equals	Net Profit	\$ 85,500	8.6%

EXAMPLE OF A TYPICAL SMALL BUSINESS BALANCE SHEET

Date _____

ASSETS

Current Assets

Cash	\$	20,000
Accounts receivable	\$	15,000
Inventory	\$	<u>150,000</u>
Total Current Assets	\$	<u>185,000</u>

Non-Current Assets

Plant and equipment	\$	50,000
Business premises	\$	650,000
Vehicles	\$	<u>70,000</u>
Total Non-Current Assets	\$	<u>770,000</u>

TOTAL ASSETS **\$** **955,000**

Current Liabilities

Accounts payable	\$	25,000
Bank overdraft	\$	10,000
Credit card debt	\$	5,000
Tax liability	\$	<u>30,000</u>
Total Current Liabilities	\$	<u>70,000</u>

Non-Current Liabilities

Long term business loan 1	\$	450,000
Long term business loan 2	\$	<u>50,000</u>
Total Non-Current Liabilities	\$	<u>500,000</u>

TOTAL LIABILITIES **\$** **570,000**

NET ASSETS **\$** **385,000**

OWNERS EQUITY **\$** **385,000**

**EXAMPLE OF A TYPICAL SMALL BUSINESS
CASH FLOW STATEMENT**

Period Covered _____

Cash flows from operating activities:

Net income \$ 145,000

Adjustments to reconcile net income to net cash
provided by operating activities:

Depreciation expense	9,000
Loss on sale of equipment	3,000
Decrease in accounts receivable	10,000
Increase in inventory	(5,000)
Increase in prepaid expenses	(4,000)
Increase in accounts payable	16,000
Decrease in income taxes payable	(2,000)
Net cash provided by operating activities	172,000

Cash flows from investing activities:

Purchase of building	(120,000)
Purchase of equipment	(25,000)
Sale of equipment	4,000
Net cash used by investing activities	(141,000)

Cash flows from financing activities:

Issuance of common stock	20,000
Payment of cash dividends	(29,000)
Net cash used by financing activities	(9,000)

Net increase in cash	22,000
Cash at beginning of period	33,000
Cash at end of period	\$ 55,000