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ENTITY FORMATION CHECKLIST

PREPARED FOR THE FOUNDER RESOURCE VAULT

2025 EDITION

Phase 1: Pre-Formation Readiness

1. Confirm all individuals and entities who will own an equity interest in the new entity.
2. Choose jurisdiction (usually California or Delaware).
3. Choose entity type (usually an LLC or Corporation).
4. Confirm eligibility (e.g., LLCs generally cannot own an equity interest in S-Corps).
5. Search business name availability on applicable Secretary of State and USPTO databases.

Phase 2: Begin State Formation

1. Secure a business address (virtual mailboxes are generally okay, PO Boxes are not).
2. Secure a registered agent for service of process (usually a paid service provider).
3. File Articles of Organization (for LLCs) or Article of Incorporation (for Corporations) with the applicable Secretary of State ("SoS"), and pay filing fees.

Phase 3: Federal Tax Setup

1. Apply for an Employer Identification Number ("EIN") with the IRS.
2. Determine tax classification (pass-through or double taxation).

Phase 4: Internal Documentation

1. Draft and execute: operating agreement (for LLCs) or shareholder agreement (for Corporations); capitalization table; assignments of any personal property to the company; and, any initial employment or independent contractor agreements.
2. Create a secure data room for all legal and tax documents, including: EIN and SoS confirmations; all of the above documents; and, any meeting minutes or resolutions.

Phase 5: Complete State and Local Formation

1. File Statement of Information with the applicable SoS, and pay filing fees.
2. Apply for municipal business licenses (usually at least a local tax registration).
3. Apply for a seller's permit with the CDTFA (if selling goods).
4. Review additional requirements applicable to certain businesses (e.g., local zoning and occupancy approvals for brick-and-mortar businesses).

Phase 6: Tax/Finance Planning

1. Track all income/expenses in excel or through a service provider (e.g., QuickBooks).
2. Ensure no commingling of personal and business funds.
3. Review federal and state tax rules for annual, quarterly, and minimum tax planning.

Phase 7: Pre-Operations

1. Open a business bank account (using EIN).
2. Secure insurance, a payroll provider, and payment acceptance mechanisms.
3. Consult with an attorney to ensure full legal compliance and preparedness prior to launch.