

WAIVER OF SBDC LIABILITY

I am asking the SBDC for leads of companies that offer specific services to help run my business, and understand that the SBDC in no way endorses or recommends any particular service provider. I realize that it is always my sole responsibility to perform the expected due diligence in forming a business relationship with any of the companies mentioned by the SBDC, as well as any companies that present information or workshops with the SBDC, and that I am expected to research my decision fully. I waive all rights to hold the SBDC and its staff liable for any and all damages that may occur, either directly or indirectly, as a result from these business relationships.

X _____ Date _____

Print Name _____

Many Startup Questions Addressed Here Below:

<http://www.gosmallbiz.com/lawinfo/topicview.asp?id=120>

Getting a Name Reserved

On the County Level – simply go to the County Clerk and fill out a “Doing Business As” (DBA) form.

On the State Level – file paperwork with the state as instructed below.

On the Nationwide Level – file the name and/ or logo with the US Patent and Trademark Office (www.uspto.gov). Use the USPTO for filing for patents and service marks as well.

Sole Proprietorship, Partnership, S-Corporation, C-Corporation, or LLC?

Consult with an attorney and an accountant. For some general background information, refer to the above startup questions link, as well as the sites for incorporating online under “Option 3” below.

Your decision on a business type will be determined by tax liability, liability protection, business risk, reporting requirements, cost, your personal assets, and some other factors. An attorney and an accountant will help you decide on the option that suits your needs the very best. Keep in mind that even sole proprietorships may be required to obtain EIN or Tax ID Numbers, as it identifies the business as a separate income stream on your taxes: (SS-4 Form)

<http://www.irs.gov/businesses/small/article/0,,id=97860,00.html> or 631-851-4726 **Free**

Certain professions can choose to file either as a Professional Corporation or Limited Liability Partnership – check <http://www.op.nysed.gov/proflist.htm> to see if this rule applies to your business. If it does, follow the necessary instructions, and also visit:

<http://www.dos.state.ny.us/corp/busc corp.html#certinc> (PC) or

<http://www.dos.state.ny.us/corp/llpcorp.html> (LLP).

The Incorporation Process

To incorporate you have 4 options: going through an accountant, an attorney, an online service, or doing it yourself. Check whether or not someone already has the name you want here:

http://appsex5.dos.state.ny.us/corp_public/CORPSEARCH.ENTITY_SEARCH_ENTRY.

Also, if you are planning to incorporate one name, and then use a different name on signage, or in the everyday course of business (cards, brochures, etc.), then you need to file a “Certificate of Assumed Name” - <http://www.dos.state.ny.us/corp/pdfs/dos1338.pdf>.

Options 1, 2, and 3 offer clients’ greater convenience in exchange for a fee, and allow you to farm out a task that many find tedious.

Keep in mind that for all these figures, if you choose an LLC, then you must factor in the mandatory publishing requirement, which, depending on your location, could cost an additional \$500-\$1500.

Options 1 and 2

For an accountant or attorney, the best start is through a personal referral, or better yet if you already have one in mind that works with small businesses. Not only will you need them for incorporating, but if you have them looped into the business now, it may be much easier for them to work with you going forward. And whether they incorporate for you or not, you will want an accountant and an attorney involved in your business from the beginning.

Approximate Cost: \$500 to \$1000

Option 3

Online incorporating sites are one-stop shopping, and each service will have different options. This is only three of many that are out there, and this is not an endorsement of any particular one. You should do proper research before you decide on one.

<http://www.corporate.com>

<http://www.mycorporation.com>

<http://www.incorporatenow.com>

<http://www.mynewcompany.com>

Verify the state they are incorporating you in, since some will incorporate in Delaware or Nevada, but these “advantages” may cause more trouble than convenience. For example, if you were to do business then in New York, you would need to file as a foreign corporation in New York.

Approximate Cost: \$200 to \$800

Option 4

The do it yourself method is listed below.

To Incorporate as an "S" Corporation in New York State, you will need to file, in this order...

1. Articles or Certificate of Incorporation: <http://www.dos.state.ny.us/corp/pdfs/dos1239.pdf> **\$135**
2. If you will be using any name other than the exact name/ wording you indicate on your articles of incorporation, then you must also file for a "Certificate of Assumed Name" (<http://www.dos.state.ny.us/corp/pdfs/dos1338.pdf>).
3. Tax ID (EIN) Number: (SS-4 Form) <http://www.irs.gov/businesses/small/article/0,,id=97860,00.html> or 631-851-4726 **Free**
4. "S" Corporation Election Form for NY State: (CT-6 Form) http://www.tax.state.ny.us/pdf/2002/killin/corp/ct6_502_fill_in.pdf **Free**
5. "S" Corporation Election Form for Federal IRS: (form 2553) <http://www.irs.gov/pub/irs-pdf/f2553.pdf> **Free**
6. To organize yourself you'll need to purchase a corporate kit from a business supply store: this kit would include stock certificates, a stock transfer ledger, a corporate stamp/ seal, sample by-laws and meeting minutes.

Approximate Cost: \$200

To Incorporate as an "LLC" Corporation in New York State, you will need to file, in this order: (following either "a" or "b")

1. Articles of Organization: <http://www.dos.state.ny.us/corp/pdfs/dos1336.pdf> **\$200**
2. If you will be using any name other than the exact name/ wording you indicate on your articles of incorporation, then you must also file for a "Certificate of Assumed Name" (<http://www.dos.state.ny.us/corp/pdfs/dos1338.pdf>).
3. Tax ID (EIN) Number (SS-4 Form) <http://www.irs.gov/businesses/small/article/0,,id=97860,00.html> or 631-851-4726 **Free**
- 4a. "S" Corporation Election Form for NY State: (CT-6 Form) http://www.tax.state.ny.us/pdf/2002/killin/corp/ct6_502_fill_in.pdf **Free**
- 4b. Read information on reporting schedule C: <http://www.irs.gov/businesses/small/index.html>
- 5a. "S" Corporation Election Form for Federal IRS: (form 2553) <http://www.irs.gov/pub/irs-pdf/f2553.pdf> **Free**
- 5b. Read information on reporting schedule C: <http://www.irs.gov/businesses/small/index.html>.
6. Publishing requirement: you must announce you have formed an LLC in 2 widely read periodicals that must run for 6 weeks: contact the county clerk office (Nassau (516-571-2663) Suffolk (631-852-2001)) to find out which 2 you must publish in. Usually, one of them is *NY Law Journal* (212-779-9200), and another may be the *Long Island Business News* (631-737-1700).
7. To organize yourself you'll need an operating agreement reviewed and/ or prepared by an attorney. Try finding law textbooks or online forms that can provide a template, and then have an attorney review a draft you've created.

LLC's allow the owner to choose whether to file taxes as a sole proprietor with a schedule C or K-1, or as a corporation. Either way, the tax implications are things that you will want to discuss with a qualified accountant.

Approximate Cost: \$250+ the publication fees.

Finding Business Insurance: refer to attached table for details on types of insurance.

Check with www.iii.org (Insurance Information Institute) for general insurance information.

- 1 – Friends/ colleagues that are in the field that already use an insurance company
- 2 – Trade associations in your field that may bundle group insurance at a discount
- 3 – Calling competitors to inquire what insurance company they use (good luck)
- 4 – Personal provider for additional coverage OR a referral
- 5 – The attached list
- 6 – <http://www.secure03.ins.state.ny.us/webproxy/proxy/NDirectory/0/directory.jsp> (click log on as guest, then click PC (property/ casualty), and you will get a list of hundreds of companies) (last resort).

Local Small Business Insurance Providers

** this is an unqualified list of providers, and no company here is endorsed or being recommended by the SBDC. You are recommended to research your decision thoroughly.*

A. Aaronson & Co. - Rockville Centre - (516) 678-6565
Affiliated Agency - Plainview - (516) 576-0166
Paston Group - Lynbrook - (516) 593-2220

The Treiber Group - Garden City - (516) 745-0800
Anthony J. Wiszowaty Agency - Massapequa Park - (516) 745-0800
Rampart Brokerage Corp - New Hyde Park - (516) 538-7000
Maran Corporate Risk Associates, Inc. - Southampton - (631) 283-8000
Sammis Insurance – Plainview – (516) 924-7999
CAM Associates – Glen Cove – (516) 609-0444
The Whitmore Group – Garden City – (516) 746-4141
Coverage Concepts – Port Jefferson Station – (631) 331-7700
NGL Group – Lynbrook – (516) 599-1100

Personal and Employer Health Insurance: <http://www.healthyny.com>

Finding Office Space

Searching for the perfect commercial space can be a struggle. Always keep your eyes peeled for the “For Sale/ Rent by Owner” signs when you are driving around, and ask everyone you know to do the same. Reaching out to a commercial broker may be your best chance, though, especially if you have a tight time frame to keep.

<http://www.tradeaddresses.com> – may connect you to available properties for free.
<http://www.nyscarxchange.com> – will link you to New York area properties/ brokers.
<http://www.cityfeet.com> – online commercial real estate network

Finding Virtual Office Space

If you are a home-based business, using one can provide you secretarial staff, conference room rental, and a professional image/ appearance. Definitely give each of these the “once over” to check into their legitimacy and level of service.

www.totusoffice.com
www.searchofficespace.com
www.officescape.com
http://us.manhattan-office.com/new_york_city/new_york_city.htm
<http://vhinternational.safeshopper.com/index.htm?151>
http://dmoz.org/business/business_services/office_services/virtual_office_management/

Without purchasing a fax machine, you can also use services that provide you a fax number (without needing a machine), and you receive the faxes in your E-mail box. Some providers include:

<http://www.efax.com>
<http://www.faxaway.com>
<http://www.j2.com>

Legal Matters

You will want an attorney that can be your counsel in time of need, from the time of startup. If you are getting sued, and do not yet have an attorney, you will be rushed in selecting one and may not be able to make the most informed and best decision for your company.

One guideline is to develop rough drafts of legal forms or contracts you will need in the course of business, including an operating guide, contracts with suppliers and clients, partnership agreement, and more. Draft your own documents based on sample legal forms you find in websites, articles, and law textbooks.

<http://www.lectlaw.com/formb.htm>
<http://www.businesslaw.gov/>
<http://www.freeadvice.com/>

Attorney Referral Services

Nassau County Bar Association - (516) 747-4832
Suffolk County Bar Association - (516) 234-5577

Accountants

- 1 – friends and colleagues in the same business that already have an accountant
- 2 – personal accountant that also does business accounting
- 3 – personal accountant for a referral
- 4 – <http://www.nysscpa.org> (also use to check if accountants are indeed CPA's)

Regulations

Contact every possible level of governing bureaucracy you can think of, because they may either have requirements your business must follow, or resources that will assist you in your venture, including: federal (taxes and regulations), state (licenses, permits, sales taxes, departments), county (consumer affairs, health and safety), town (clerk, zoning), and village (village hall). There is also unemployment, disability, and worker's compensation to be mindful of. Simply inform each agency how and where you plan to run your business, and they will let you know whether/ what documentation is required. It is essential to handle these regulatory issues prior to starting your business, as failure to do so could result in heavy fines, business stoppage, or in the worst case, business closure.

New York State Sales Tax

Do not mess around with the New York State Sales Tax Department, there could be heavy penalties. Regardless of your business good or service, please confirm with Publication 750 and Publication 20 whether you are required to become a sales tax vendor. If your business/ goods are sales taxable, you will need to secure the following:

Tax Authorization: allows you to charge sales tax – Form DTF-17

(http://www.tax.state.ny.us/pdf/2004/fillin/st/DTF17_804_fill_in.pdf)

Resale Certificate: exempts you from paying sales tax – Form ST-120

(http://www.tax.state.ny.us/pdf/1999/st/st120_699.pdf) - and be expected to report to the state regularly (annually, quarterly, or monthly, depending on several factors)

Websites

There are many options for putting up a website for your business: you can do it yourself, use an online service, or hire a designer. Either way, you will need hosting. Below are links to some companies that provide it. Research your decision before you choose one!

<http://www.globat.com>

<http://www.ipowerweb.com>

<http://www.register.com>

<http://www.valueweb.com>

Business Resource Providers and Wholesalers

<http://www.wholesale411.com/> - network of finding wholesalers

<http://www.thomasregister.com/> - business-to-business yellow pages

Merchant Accounts

Accepting credit cards may be necessary for your business. Keep in mind that while searching for a merchant processing company, they will likely charge you the following: ~\$200 setup fee, ~\$20 monthly statement fee, a ~25 cent charge per transaction, and ~2% of all transactions.

<http://www.monstermerchantaccount.com>

<http://www.merchantexpress.com>

<http://www.merchantinfoweb.com>

<http://www.goretriever.com>

Hiring Workers

Before shelling out fees for a hotjobs.com or monster.com account, consider these free methods:

1. Contacts and Word of Mouth!!!
2. Colleges – career and placement centers
 - a. Adelphi, Dowling, Five Towns, Hofstra, St. Joseph's etc.
 - b. Farmingdale:
Malka Edelman: 631.420.2296; edelmamp@farmingdale.edu
Stony Brook:
Karen Clemente: 631.632.6089; Karen.clemente@stonybrook.edu
3. County Department of Labor
<http://www.labor.state.ny.us/agency/counties.html>
<http://www.labor.state.ny.us/agency/counties.html>
4. One Stop Employment System
Hicksville Center: 301 Old Country Road, Hicksville, NY 11801
George Meyer: 516.873.7337; gmeyer@tobays.net
5. NY Job Bank (Free)
<http://www.ajb.org/ny>
6. For Posting Internship Opportunities Only: www.liworks.org

BUSINESS INSURANCE BASICS

Policy Type	Type of Exposure	Sample Claims
Property/ Casualty	Loss or damage to owned or leased property resulting from covered peril (fire, water damage, etc.).	Flood in the office destroys all computer equipment, furniture, and supplies.
General Liability	Claim by third party alleging property damage, bodily injury, personal injury caused by business' negligence.	Customer slips and hits head while in your office.
Workers' Compensation	State mandated coverage for on-the-job injuries to employees.	Maintenance worker injured by lifting heavy object.
Employee Benefit Plans	Coverage for well being and general health of employees.	Employee needs to visit the doctor.
Disability Benefits Law	Coverage for disability to employee caused by an off-the-job injury.	Employee is injured playing ball with her daughter, causing her to miss work.
Professional Liability/ "Errors and Omissions"	Claim by third party (i.e. customer) alleging damage caused by an error or omission in performance of service.	Work done for client did not perform expected function, leading to clients' financial loss.
Umbrella Liability	Liability covering above and beyond primary liability (i.e. general, auto, etc.). Covers losses over and above the maximum limits from other policies.	Company sued for injuries caused by its product for an amount above normal coverage.
Business Interruption/ Extra Expense	Covered property loss leads to profit loss and operating expenses required to keep a business operating.	Flood requires the business to evacuate for a month, seeking temporary rental space (extra expense).
Cyber Insurance "Internet Risk"	Coverage to protect businesses against exposures to loss resulting from use of Internet in everyday business.	Customer sues the company based on a hackers' retrieval of customer's privacy information.
Business Auto	Damage to an owned or leased auto and/ or a claim by a third party alleging property damage or bodily injury due to an auto accident.	Company car causes damage to another driver and the cars involved.
Crime/ Employee Dishonesty	Coverage for dishonest acts by employees (forgery, theft, etc.).	Employee writes unauthorized checks to himself.
Employment Practices Liability	Claims by employees for allegations (workplace discrimination, wrongful termination, sexual harassment).	Employee sues after alleging they were fired for inappropriate reasons.
Directors' and Officers' Liability	Claims by shareholders, employees, and other third parties for allegations (anti-trust, fraud, unfair trade practices, defamation, breach of contract) against board members and the business.	Founder sues directors for excluding him from private financing options, diluting founders' shares.
Key Man Life/ Long Term Disability	Coverage for disability or death of key member of the business.	Untimely death of a key partner leads to quick sale of his shares to his dependents, causing financial loss.

Inquire about a Business Owners Policy, or "BOP", as these may bundle the most frequently used policies into one.

This table is meant only as a summary and includes a sample of insurance products that typical businesses need.

** Chart adapted from information prepared by Hub International Northeast*