

Successfully Starting Your New Business

SCORE GREATER SEATTLE

R3

Your Presenter

Jack Stiegler

Volunteer with SCORE – 25 years

- Small Business Mentor
- Workshop presenter

Previously:

- Corporate Officer –Admin/IT
- Partner in Small Contracting Business
- Adjunct Professor Graduate School of Business - City U
- Served on Board of Directors for numerous profit and non-profits



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Workshop Objectives

To help individuals that are starting new businesses to:

- Understand the different business entities and choose the best one. Understand how to properly license their business in WA state.
- Understand Business taxes and how to file.
- Understand best accounting practices.
- Understand the need for insurance
- Understand the options for funding the business

“Profiting” From The Workshop”

- You will receive the complete PowerPoint Presentation and Recording
- Participation is encouraged!!
 - Since there is a very large group, put your questions into Chat and I will review at the end of each section.
- We may not have time to fully resolve every issue so consider getting a mentor!
- *Mentor: a business professional that will review your worksheet and provide you the advice and guidance that will help you optimize and complete your planning and make sure it's relevant for your industry, market and personal goals*

Thinking of Starting a Small Business?

- There are 645,00 small businesses in Washington (99.5%)
- Small business employs over 1.4 million people (49.%)

489,000 have no employees

139,000 have 1– 9 employees

17,000 have 20-499 employees

Thinking of Starting a Small Business?

Women owned 21.4%

Minority owned 19.9%

Immigrant owned 21.7%

Unfortunately

20% of all small business startups will fail in the first year

What does it take to help manage the risk of failure ??

Thinking of Starting a Small Business?

Planning!

Steps to getting your business off to a strong start.

Agenda

1. Introduction
2. Business Entities and Licensing
3. Break (10 mins)
4. Best Accounting Practices
5. Protecting Your Business and Yourself With the Right Insurance
6. Financing Options for a New Business
7. Course Recap and Surveys

Agenda

Business Entities and Licensing

Choosing the Best “Entity” for Your Business

Naming Your Business

Registering Your Entity with the SOS

Understanding Business Licensing

Review of Business Taxes

How I Can Help You with Entities and Licensing

- I am knowledgeable on entities and business but cannot provide legal or tax opinions.
- I am NOT a practicing business attorney.
- I am a practicing tax preparer but not a CPA.
- I will let you know when its time to talk to an attorney or CPA.

What are Entities and Why They Are Important

- Business entity: the legal structure for a business or organization that determines its liability and how it's taxed.
-
- Choosing the right entity can:
 - Protect business owners from personally being liable for risks of the business.
 - Legally minimize the taxes the owner(s) pays.
-

Types of Entities

Sole Proprietor/General Partnerships

Single Owner LLC/PLLC

Includes spouses

Multi Owner LLC/PLLC

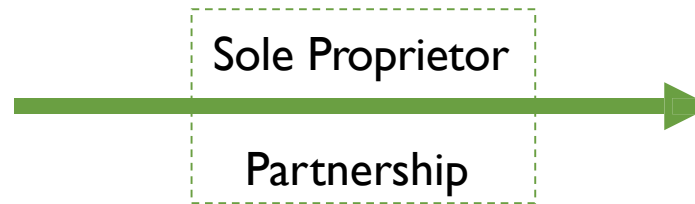
Corporations – Social Purpose Corporations

Non-Profits – Fiscal Sponsorship

How Business Entities Can Affect Owner's Personal Liability

Business liability:

- Business liabilities: normal business purchases.
- Third party claims: Lawsuits



Personal Liability

Business liability:

- Business liabilities: normal business purchases.
- Third party claims: Lawsuits



Personal Liability

Note: Tax Liabilities are not included in the LLC/Corporation protection.

Sole Proprietors/General Partnerships

Not registered with the Secretary of State

Partnerships require a written agreement

Sole proprietors – no federal business tax return required

Partnerships file Form 1065 which lists business sales, expenses, income and owners share of income. No tax paid.

Profit taxed as personal income

Profit reported on Schedule C/E of personal return and added as ordinary income.

No Liability Limitations

Single Owner LLC/PLLC

Register with the Secretary of State

No federal business tax return required

Profit taxed as personal income

Profit reported on schedule C of personal return
and added as ordinary income.

Business Liability is Limited to Assets of Business

Multi Owner Owner LLC/PLLC

Register with the Secretary of State

Requires an operating agreement

An internal document. Not shared or filed.

Business must file IRS Form 1065 which lists business sales, expenses, income and owners share of income.

Profit taxed as personal income

Owner receives Form K-1 and reports profit on Schedule E of personal return and is ordinary income.

Business Liability is Limited to Assets of Business

Corporations

Register with the Secretary of State

Requires a Board of Directors, By Laws, Annual meeting of shareholders

Business must file IRS Form 1120.

Profit taxed at a 21% Tax Rate

After tax profits may be distributed to shareholders as Dividends. Dividends are taxable income.

Double taxation. Most appropriate for securing outside investment.

Business Liability is Limited to Assets of Corporation

Self Employment Tax

Payment of self employed Social Security and Medicare

Tax Rate of 15.3%

Paid on personal return in addition to income tax

Limited to maximum contribution.

Social Security \$147,000 - Medicare \$200,000

S Corporations

Not a business Entity. A filing status with IRS

Appropriate for LLC/PLLC

Results in savings on self employment tax

Permits owner to be paid a salary

Consider after profits exceed \$60,000 annually

File IRS Form 2553 to elect S Corp Status

Note: Social Security caps at \$176,100 No cap on Medicare

Naming Your Small Business

- Legal name:
 - What you use for business licenses and taxes. It may or may not be the same as your public name. Must be unique.
 - Will have “LLC” or “Inc.” added depending on entity type. Protected in State only.
- Trade Name
 - A registered name for your street sign, website, advertising and business cards.
 - Added as DBA (Doing Business As) when getting a business license.
 - Not Protected



Naming Your Small Business

- Things to consider when selecting a name:
 - Choose a name that simply communicates who you are and what you do.
 - Avoid names that limit you in some way. (Bothell Plumbing)
 - Don't pick a name that is long or confusing.
 - Consider its online use. Can you get the domain name?
 - Business Name
 - Business Description
- Use the GoDaddy search tool

US Trademark

Protects an expression or design to sell goods or service.

- * Company names, logos, taglines and domain names can be covered.
- * Use if you have plans for national products or long-term investment.
- * Federally protected trademarks must be registered at US Trademark Office (\$225-\$400)
- * Once approved the protection lasts for 10 years – Can be renewed
- * Allows you to prevent anyone in the **US** from using the same or similar name.

Display a “TM” until your application is approved

Display ® (for registered) after approval.

*Common and descriptive terms cannot be trademarked e.g. “Plumbing Supplies”

There are no Trademark Police

Should You Register Your Entity Yourself?

Wait until you start your business to register.

You don't have to pay for formation help.

Sole proprietor and partnership:

No formation/registration needed but must have business licenses.

Partnerships should have a written agreement.

LLC or PLLC:

Form and maintain yourself.

Multi-member: Make sure you create and have all members sign (notarize) an “operating agreement. It specifies things like buy/sell provisions, allocation of ownership and profit or losses, voting rights, etc. You may want an attorney to review it.

Corporation:

Can form and maintain yourself – but may want lawyer help, especially with complex shareholders agreement.

Formation of an LLC/PLLC

with the Secretary of State

Determine name availability

<https://secure.dor.wa.gov/gteunauth>

Establish WA Master Business Account

<https://ccfs.sos.wa.gov/#/>

Register the LLC online (Cost is \$200)

<https://www.sos.wa.gov/corps/limitedliabilitycompaniesllconlineandpaperregistrations.aspx>

Formation of an LLC/PLLC

Additional Information

Terms and Notes

Registered Agent

If you live in WA - you are the registered agent

Executor

Person filing the application –you

Governor

Owner manager – You

When you file there is a “First Report” due in 120 days. Include with filing.

To maintain the Entity there is an annual report due each year.

This is informational not financial. The cost is \$71.

Using Your Entity



- Use the LLC/Corp name in all business activities and transactions (buying and selling).
 - Charge accounts, supplier accounts, contracts, quotes, etc.

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Sign all contracts and obligations as:

- Smith's Plumbing, LLC (Your name will end with LLC)
- By: _____ (My name, Member (Owner's name and title))

Business Entity Recap

- In summary:
 - Sole proprietorship and general partnership are easy to set up but can have liability exposure.
 - Corporations are complex to set up and maintain, so have a good reason to create one. Get an attorney to help.
 - LLC is the sweet spot; they are easy to set up and provide liability protection.
At SCORE we generally say that if there is more than a slight chance of legal liability related to the goods or services of your business – you should form an entity and use it.

Get a Federal Tax ID

- What is a federal tax identification number:
 - Also called an EIN: Employer Identification Number.
 - Like a social security number for your business.
 - You use it to fill out tax forms, open a bank account, etc.
 - Use if you receive IRS form 1099.

All businesses with employees must have one
Any Business can apply for one

Apply at the IRS.GOV website (takes 5 minutes):

- Apply online [here](#). (Search on “apply for an EIN irs.gov”)



Department of the Treasury
Internal Revenue Service

Understanding WA State Business Licensing

Regardless of your entity type, you must have a Washington State business license to “conduct” business in Washington:

- \$12,000 in Gross Revenue

- Product or service requires charging sales tax

Register online with the Department of Revenue.

Your business may be required to have additional WA state Licenses

- Specialty endorsements

- Professional licenses

- Request resellers permit if required




WA State Business License Wizard



- An automated service that provides you instructions on which business licenses you to need to apply for and instructions on how to apply for them.
- Includes both state and local instructions.
- Great because it includes license endorsements and professional licenses.
- Include guidance if you plan to have employees.
- Downloaded or sent to you as email.
- Start here: WA State Business Licensing Wizard:

<http://bls.dor.wa.gov/licensing.aspx>



STATE OF WASHINGTON
BUSINESS LICENSING SERVICE

Based on your scenario

Below is your custom list of Washington state license requirements based on the information you provided. The list is intended to help you prepare to file your Washington State Business License application.

For contact information for city and state agencies that are not partners with the Washington State Business Licensing Service, see Additional Resources.

Before you apply

You have chosen your business ownership as **Limited Liability Company (LLC)**

Research business name(s):

Is anyone else using your business name? To avoid possible infringement on a reserved name, make sure you do a thorough search on all business names you will use:

- For Washington Trademark information, visit <http://www.sos.wa.gov/corps/Trademarks.aspx> or call (360) 725-0344
- Search Department of Revenue's Business Lookup at <http://dor.wa.gov/businesslookup>
- Contact the U.S. Patent and Trademark Office at 1-800-786-9199 or visit <http://www.uspto.gov/>

Register with the Washington Secretary of State
You are required to register your corporation or LLC structure with the Washington Secretary of State prior to filing a Washington State Business License Application. Filing with the Secretary of State can be done at <http://www.sos.wa.gov/corps/>

The Secretary of State will issue your business a Washington State Unified Business Identifier (UBI). This UBI is required to complete a business license application.

Washington Secretary of State
Corporations Phone: (360) 725-0377
<http://www.sos.wa.gov/corps/>

See: Additional Resources and Requirements Section



Business Taxes – State

- Types of state taxes:
 - Business & Occupational (B&O): small percent of total sales based on type of business (Retail is 0.471% of sales - Services is 1.5% of sales).

There are small business tax credits that reduce the Tax due.

Example: Retailing filing quarterly report.

Enter: Gross Sales Deduct: Out of state sales.

1st Qtr. \$160,000 - \$12,000 = \$148,000 X .00471 = \$697 – SBC \$265

A service business will not pay B&O tax until gross receipts exceed \$32,000 Qtr.

o



Business Taxes – State

Most all products except food items sold and delivered in the state and specified services performed in the state are subject to sales tax.

- Services that need to collect sales tax, see [here](#).
- Sales tax is charged at the local rate where product is sold or the service performed.
- Sales tax is to be charged on out of state sales and remitted to the various states.
- Online sales through Amazon, EBay etc., sales tax processed by seller.
- Services exist to handle sales tax for out of state sales. (Nexus and Rates)
- **Small businesses will file a quarterly or annual tax return**

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Business Taxes – State

- If you have employees, you must pay additional “fees” (covered in more detail in other workshops):
 - Unemployment insurance tax (Department of Employment Security) and Workman’s compensation premiums ([Department of Labor and Industries](#)).
 - You are “registered” for these automatically as part of your business license application if you state that you are hiring employees. They will send you an application and quarterly report forms.

City/County Business Licenses and Taxes

Most cities require a business license.

Complete listing here:

<https://dor.wa.gov/manage-business/city-endorsements>

Explains each cities requirements and license fees

Allows you to add a city endorsement to your state license file.

A number of the larger cities also have their own B&O tax

County Taxes – Personal Property Tax

- Personal property owned by a business is defined as any movable property that is not affixed to real property, comprised of:
 - Machinery and equipment, fixtures and furniture (including leased).
 - Supplies, materials and tools.
- Personal property exempt from personal property tax
 - Inventory and vehicles used on roadways
 - Individual counties may offer additional exclusions
- New businesses need to self report.
- Personal property tax reporting is due on April 30:
 - One-half of the payment of tax is due on April 30 and the second half on October 31.



Business Federal Tax ID & Licensing Recap

- Get a Federal Tax ID (EIN number) for your business entity.
- Register your business with the DOR before you start taking in revenue.
- Keep track of your WA State login info and business UBI number.
- Watch for tax forms from WA Department of Revenue.
- Got issues: call the appropriate state agencies or contact the state liaisons at: <https://www.business.wa.gov/liaisons>

Corporate Transparency Act

Effective Jan 1 2024

Program cancelled for US businesses

FINCEN Financial Crimes Enforcement Network
Purpose is to safeguard our financial system

All “Beneficial Owners” must report

Reporting Requirements

Existing Businesses by 12/31/2024

New Businesses within 90 days of formation.

Complete information available at fincen.gov

Formation of a Business

Watch out for Scams

COMPLIANCE DIVISION SOLUTIONS
P.O. BOX 924888
PRINCETON, FL 33092-9800

Scan to order online

LABOR LAW POSTER COMPLIANCE SERVICE

TULSI VENTURES LLC
11031 182ND AVE NE
REDMOND, WA 98052-2356

Business ID # 605 568 560
Entity type: LLC
Please Mail by 7/18/2024
Poster Fee: \$129.75

Your Business may be required by Federal Law to post a current compliant labor law poster in the workplace. Federal law requires that this poster be placed on the property of the business whether you have 1 employee or 1,000. You must post up-to-date employment posters in the workplace. The poster must also include information about worker's compensation benefits.

Pursuant to Federal Law 29 USC Sec. 666(i)(8) 2005 penalties and risks of non-compliance with posting regulations can lead to potential fines in excess of 2,000 per instance for failure to post federally required information. Further, lawsuits can be tolled based on failing to display mandatory posters. You must post a compliant employment poster in a conspicuous place in the workplace where all employees and applicants can see it. To obtain your federal employment labor law poster, please detach the bottom coupon and return in the enclosed envelope with your document processing fee of \$129.75. You will be receiving a new updated 2024 version of the poster. Please allow 2-3 weeks for delivery of all-in-one Poster.

The documents offered by this advertisement are available to consumers free of charge or for a lesser price from Secretary of State. You are not required to purchase anything from this company and the company is Not affiliated, endorsed, or approved by any government entity. The item offered in this advertisement has NOT been approved or endorsed by any governmental agency, and this offer is NOT being made by an agency of the government.

Business ID# 605 568 560
PLEASE MAIL BY:
JUL-18-2024

Scan to order online
Online payments are subject to \$5.95 processing fee

2024 State & Federal Digital (Printable) Labor Law Poster in English \$129.75

CONTACT US
compliancedivisionsolutions@gmail.com
For Assistance or Questions Regarding this Services

DETACH AND MAIL

PUBLIC RECORDS
Business Name: TULSI VENTURES LLC
Entity type: LLC
Business ID# 605 568 560
Filing Date: 6/~/2024

POSTER FEE: \$129.75
PLEASE MAIL BY: JUL-18-2024

CHECK/MONEY ORDER ENCLOSED ONLY
AMOUNT: \$129.75

PLEASE MAKE CHECK OR MONEY ORDER PAYABLE TO: COMPLIANCE DIVISION SOLUTIONS

RETURN THIS COMPLETED FORM WITH THE RETURN ENVELOPE INCLUDED. PLEASE ALLOW 2 WEEKS FOR POSTER TO DELIVERED. IF YOU'RE NOT SATISFIED WITH SERVICE PROVIDED, A FULL REFUND WILL BE ISSUED WITHIN 30 DAYS.

Internal use only

NATIONAL FILING SERVICE
PO Box 342181
Austin, Texas 78734-9998

2024 CORPORATE TRANSPARENCY ACT REQUIREMENT
REQUIRED BY FEDERAL LAW

IMPORTANT — YOUR BUSINESS QUALIFIES UNDER THE ACT. YOU MUST FILE.

Notification ID: 605 568 560	Business Formation Date June 20, 2024	DEADLINE TO FILE: July 26, 2024
Business Information: Tulsi Ventures LLC		

The US Congress has passed the **CORPORATE TRANSPARENCY ACT**, which now requires qualified businesses to report beneficial ownership information (BOI) to the Treasury Department's Financial Crimes Enforcement Network in 2024.

Failure to Comply:
The Corporate Transparency Act applies civil and criminal penalties for (1) failing to report or update a reporting company's BOI and (2) providing false or fraudulent BOI. Civil penalties include a daily \$500 fine for a continuing violation, up to a maximum of \$10,000. Criminal penalties include up to two years' imprisonment.

The National Filing Service is an online service provider which submits information directly to FinCEN on behalf of your company. **To start the reporting process; please scan the QR code or go to: TheNationalFilingService.com.**

URGENT: AVOID PENALTIES

Newly reporting companies registered to do business in the United States after January 1, 2024 must file within 90 days of receiving actual or public notice that the creation or registration of the reporting company is effective.

Some exemptions apply. Please see website for additional information.

Notification ID: 605 568 560

www.TheNationalFilingService.com

Agenda

Break

Agenda

Best Accounting Practices

Best Accounting Practices

Good record keeping a key to success

1. Open Business Checking Account

Keep all monies separate.

Business Credit Card or Reimburse personal account

2. Determine bookkeeping method

Excel Spreadsheet

Free Software

Comprehensive Accounting Software

Bookkeeper

Choosing an Accounting System

Get advice from a professional who knows all three categories of accounting systems for small businesses. Don't rely on friends or fellow business colleagues as all businesses are different and you are different.

Key factors to consider:

1. How many transactions per month.
2. How quickly will your business grow.
3. Are you going to use a bookkeeper.
4. How does your business generate revenue.



Excel – The Manual Accounting System

Excel (or Google Sheets) is often used as a manual accounting system.

The **rows** are used to list all the business's transactions (preferable using each entry from the checking account and credit card statements).

The **columns** are used to categorize the amounts received and amounts spent.

Adding the amounts in each of the columns allows you to determine how much you've spent and how much you've received by category.



Excel Business check register

Tracks with IRS 1040 Schedule C

Check Register		Current Balance						\$2,546.00
Spending Summary		Check #	Date	Description	Category	Withdrawal (-)	Deposit (+)	Balance
Category	Total		6/19/2021	Beginning Balance	Deposit		\$2,000.00	\$2,000.00
Deposit	\$3,475.00	Debit card	6/29/2021	Printer paper	Office	\$18.00		\$1,982.00
			7/19/2021	Sale Jones Company	Deposit		\$650.00	\$2,632.00
Goods/Materials	\$0.00	1001	7/29/2021	Xfinity - Internet	Utilities	\$99.00		\$2,533.00
Adv/Marketing	\$0.00	1002	8/13/2021	Local Realty	Rent/Lease	\$750.00		\$1,783.00
Vehicle	\$0.00	Credit Card	8/23/2021	Smith Plumbing	Prepairs/Maint	\$62.00		\$1,721.00
Commissions	\$0.00		8/23/2021	Daily Sales	Deposit		\$825.00	\$2,546.00
Contract labor	\$0.00							
Insurance	\$0.00							
Interest	\$0.00							
Legal/Professional	\$0.00							
Office	\$18.00							
Rent/Lease	\$750.00							
Prepairs/Maint	\$62.00							

Wave

Free cloud based accounting software



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Sign up for free

WAVE ACCOUNTING

Track your income and expenses - painlessly

Tax season doesn't have to suck.

Create your free account

Christopher Paunil, Wave customer

[Overview](#) [Features list](#) [Helpful resources](#) [FAQs](#)



Accounting software that works as hard as you do

Comprehensive Computerized System for Small Businesses

Quicken Home and Business:

Designed to handle a simple small business. Based on Quicken personal Finance program. Entries made in check register format. Store images, documents & receipts with their transactions. Customize invoices with your brand & email or print them right from Quicken—include PayPal or your website link for timely payment. Prepare basic accounting reports. Average cost \$9 monthly.



Comprehensive Computerized System for Small Businesses

QuickBooks Online:

Designed to handle most small businesses using either cash basis or accrual basis accounting. Can manage payroll and inventory, generate invoices, create budgets and simplifies preparation of financial statements. Great for working with an off-site bookkeeper. Cost of about \$25 to \$50 per month.



Xero:

Designed to be more “user friendly” than QuickBooks. Provides similar functionality than QuickBooks, but with more graphical images. Pricing is generally \$12 to \$34 per month, depending on the version and the features needed.



Best Accounting Practices

3. Meet with Accountant/Tax Preparer
Review your record keeping process

4. Consider using a Payroll Service

Gusto ADP

Paychex

QuickBooks Payroll

Average cost \$20 - \$40 month + \$5 - \$8 employee

Includes payroll, quarterly tax returns, annual return and W-2's .

Agenda

Protecting Your Business With the Right Insurance

Managing Risk With Insurance

- Insurance shares risk of losses between all participants.
- If there is a loss, insurance provides:
 - Replacement of property.
 - Legal defense for you if you get sued and a (limited) payout if you lose.
- If you do **NOT** buy insurance, you are “self insured.”
 - You bear all the risk of a loss.



Types of Insurance Coverage



General liability:

- Protects against things like accidents, injuries, property damage and lawsuits.
- Includes coverage for bodily injury, property damage to others that come from your business operations or products. Also includes medical payments and damage to rented premises.
- When do you need it? Always

Building and Business Property:

- Includes buildings, business equipment and inventory at your business's address.

Commercial auto:

- Needed for business owned autos.
- Vehicles driven by employees

Using Your Personal Auto for Your Business

Personal owned vehicles used for business are normally covered by your personal policy when driven by the insured.

- No coverage if driven by employees
- Will require getting a commercial policy.

Business use may be expensed:

1. Actual including Depreciation, Maintenance, Fuel, Insurance
2. Business Mileage (2024 - .67 mile)



Insurance for Home Based Businesses

Your personal home insurance may not cover “losses” with these situations:

- Customers that visit your home.
- Business inventory keep at your home.
- Business equipment located at your home.
- Employees that work from your home.
- Business equipment stored in your personal auto.

These coverages may sometimes be added to your homeowners policy by endorsement or a business owners policy can be written

Special Insurance Coverages You May Want or Need

Professional:

- Covers professional advice and some personal services (a.k.a errors and omissions – used by attorneys, accountants, consultants, counselors, etc.).

Contractors insurance:

- Specialized coverage for trades. Required if you are a contractor.

Some other options

Employment Practices

Employee Dishonesty

Product liability

Business Interruption

Liquor Liability

Property of Others

How To Buy Commercial Insurance

- Make an appointment to review your business with a commercial insurance agent.
- Ask them to recommend the coverages you need based on their evaluation of your risk
- Request a formal proposal
- Sometimes good to request quotes from multiple agents

Recap - Protecting your Business with Insurance

Commercial insurance for your business protects your business and your personal assets.

You will most likely always need general liability coverage.

Home office businesses need coverage and are not covered by your personal insurance.

Business use of personal autos can be an issue – contact your personal insurance carrier.

Meet with a commercial insurance agent to get expert opinion of the coverage you require.

Agenda

Financing Options for a New Business

Understanding Your Financing Options for a New Business

Starting a business takes money: a little to a lot. There are three ways to get money to fund your business:

- Provide it yourself.
- Have someone loan it to you.
- Trade some of business (ownership) for it.

Important to understand how much money it will take to start and operate your business until profitable.



Financing Options

Owner/Family Equity

- Bootstrapping
- Leveraging personal assets

Business Leasing

- Lease to buy
- Manufacturer financing

Credit Card

- Business or personal
- No or low interest

Financing Options

Bank Loans

Term loans:

- Typical loan with collateral for real estate, machinery, leasehold improvements, vehicles, etc.
- Fixed interest rate for a specific length of time (term).

–

Line of credit:

- Revolving line of credit usage for seasonal variations in business.

How SBA Loan Programs Work

SBA may guarantee a portion of a loan if it is too risky for a bank.

Small Businesses work through the bank.

- Small business applies to the bank for a loan.
- Banks contact SBA if guaranteed if loan is slightly too “risky” for normal approval.
- Bank grants loan to small business if SBA guarantee is approved.

SBA has multiple types of programs – work with your banker for more information.

SBA Micro Loan Program

Loans from \$500 to \$50,000

Designated Micro lenders (Ventures, Business Impact NW, Mercy Corps)

Special Lender programs and requirements

(SBA loan workshops: <https://www.sba.gov/offices/district/wa/seattle>)



Evaluating Loan Applications: The 5 C's of Credit

- **Character**
 - Do you have a history of paying your bills on time?
- **Capital**
 - How much equity are the owners providing?
- **Capacity**
 - Do you have the skills and ability to create and run a successful business and pay back the loan?
- **Cash Flow**
 - Can your business create the cash flow to pay back the loan?
- **Collateral**
 - Are there assets pledged to repay the loan if the business fails?



How to Apply for a Business Loan

- Identify possible lenders and terms (available loan lengths and interest rates).
 - Not all banks make all types of loans (e.g. some banks don't do startups, some don't fund restaurants, etc.)
- Arrange a meeting with a loan officer to determine what they require for a loan application.
- Create a loan application (package). You can get help from a SCORE mentor.
- Be prepared to sell it to the lender!



Financing Options

Venture Capital

Venture capitalists are employees of risk capital companies who invest other persons' money in companies

Angel Investors

Angel investors are rich persons who invest their own money in companies.

Both invest on the basis of significant long term growth. (Go public – Sell)

Grants

Numerous grants available from government and private sources

Usually targeted to specific programs or need. (tech-health-community services)

You have to search for national and local opportunities.

[grants.gov](https://www.grants.gov)

[uschamber.com/co/run/business-financing/government-small-business-grant-programs](https://www.uschamber.com/co/run/business-financing/government-small-business-grant-programs)

Agenda

Course Recap and Surveys

Starting a Business: Recap

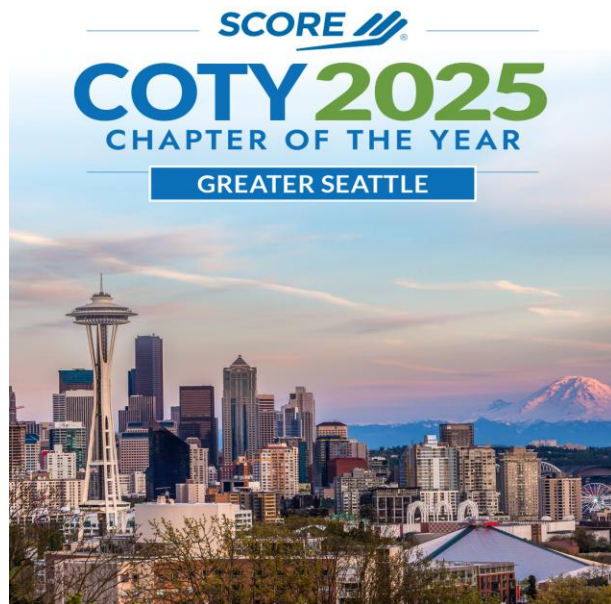
- Business entities choices affect your personal liability and taxes: choose wisely.
- Register your business: It's quick and easy to do online.
- Be prepared for your tax liabilities
- Understand your accounting options.
- Get the right insurance for your business.
Determine money requirements and the financing options.

After Today ...

1. Complete the evaluation you will receive with your very frank comments.
2. Resolve to thoroughly plan your business before you launch it.

After Today ...

Take advantage of SCORE resources



- Highest Increase in New Clients
- Helped start over 1500 new businesses
- Over 4800 People attend local workshops
- Highest increase in member diversity
- Net Promoter score of 92.7%

SCORE's Business Success Resources

SCORE Mentors

- Meet one-on-one with expert business mentors in many business specialties.
- We advise, educate and encourage business leaders to help them develop as people and be successful in their businesses.

SCORE Small Business Essential Workshop Series for New Businesses

- For Single Person Businesses
- For Businesses with Employees

SCORE Specialized Workshops

- Saving Taxes for Small Businesses
- Understanding Financial Statements
- Legal Basics All Business Owners Need to Know
- QuickBooks Online Basics
- Many, many others (see current listing at <https://seattle.score.org/>)



SCORE Website

Information, business plan templates, newsletters, etc.

Online training

seattle.score.org

SBA Website

<https://www.sba.gov/offices/district/wa/seattle>

Contact Me Directly

john.stiegler@scorevolunteer.org

- ❖ To request a copy of the Business check register
- ❖ I am happy to answer any questions you may have.
- ❖ You can request a one on one meeting via Zoom.



THANK YOU FOR YOUR PARTICIPATION



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