

THE INSIDER'S GUIDE:

WHAT YOU NEED TO KNOW
BEFORE, DURING AND AFTER
FORMING A BUSINESS ENTITY



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delawareinc.com



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A Personal History... of Personal Service

Richard H. Bell II formed Harvard Business Services, Inc. in March of 1981. His competitors were big and well established. But Rick conducted business with a philosophy that allowed Harvard not just to survive, but to thrive.

That philosophy focused on a highly personalized style of customer service, an understanding that beyond the mechanics of forming a business there were dreams and aspirations. A customer's individual questions and concerns were important and special, and that's how they were treated.

Rick also believed that a customer's business formation costs should be fixed, predictable, affordable, and that customers should get a lot of value for their money.

After more than 30 years of incorporating businesses, that same approach is still the signature of our culture and our way of doing business: speed, efficiency, expertise and affordability, all delivered with fast and friendly personal service.

Ready, Set, Start Your Business!



Congratulations! You've got a new idea and you're ready to put your talent and energy to work. Or, maybe you already operate an existing business and have decided to take the safe and smart route to protecting your personal assets by forming a Corporation or an LLC.

Now is the time to focus on running your business and making money. Don't get bogged down in a costly, time-consuming process just to organize and form your Corporation, LLC or other type of entity.

This brochure will take you on a fast track through the process of forming and maintaining a Corporation, LLC or other type of entity. You'll find valuable information that will assist you in making informed decisions about the kind of business entity that's best for you.

Richard H. Bell II
Chairman & CEO

For over three decades, Harvard Business Services, Inc. has been helping entrepreneurs like you save time and money!

People form companies for many reasons and for all types of enterprises. No matter what kind of company you want to form, now is when you need Harvard Business Services, Inc.

If you need assistance at any time, please be sure to call one of our business formation specialists.



QUESTIONS? CALL US TOLL FREE

1-800-345-CORP

THE HARVARD BUSINESS SERVICES, INC. ADVANTAGE

For over 30 years, Harvard Business Services, Inc. has been the first choice for thousands of business owners, entrepreneurs, accountants and attorneys from around the world. Why? Simple: outstanding customer service, competitive rates and lightning-fast filings.



“ After serving on the bench for the last 16 years, I sincerely believe that Harvard Business Services, Inc. is the most professional, knowledgeable and customer-focused formations company in the State of Delaware. Their proven reliability, accuracy and Harvard's 30 years of experience are invaluable when starting and maintaining a company. ”

Hon. Joseph B. Melson
Delaware State Court
Retired

Extraordinary Value

Compare our products and prices, including our \$50 annual Registered Agent fee, to any others you'll find in this industry. Unlike other companies, our pricing is all-inclusive and totally transparent. What you see is what you get. No hidden fees, gimmicks or fine print will ever catch you by surprise. Add all that to our comprehensive range of products and superior service and the math is easy: Harvard Business Services, Inc. equals the best value in the business.

Same-Day Document Filing

Beginning more than 30 years ago, we were the pioneers in electronic document filing with the State of Delaware. Today, we are one of a very few select companies eligible for direct access to the Delaware Division of Corporations' database. How fast, how quick, how efficient does that make us? We can send out your approved documents faster than anyone else. And we file EVERY company on a same-day basis. If you feel the need for speed, no one's faster or more efficient than Harvard Business Services, Inc.

Service That Never Stops

We include lifetime customer support with every order. We offer same-day service for document retrieval and we can scan and e-mail most documents on a same-day basis.

Our non-stop service even includes reminders sent out automatically in advance of the time your annual fees—registered agent and franchise tax—are due. Paying these annual fees on time is a requirement for remaining in good standing with Delaware's Division of Corporations.

Our toll-free number connects directly to our service and support staff in our Delaware offices, where they'll be standing by to help whenever you need them.

Convenience

Contact us by phone, fax, e-mail, or visit us on the web for the fastest, friendliest, most efficient business-formation service in the world.

Friendly & Responsive Service

If you need to call us with questions, you'll notice another difference right away: A business-formation specialist who's ready, waiting and eager to help. He or she will listen to your concerns and goals, answer all of your questions and provide you with resources to help you make an informed decision.

Along with the printed material in this guide plus what you will find on our website, our friendly business-formation specialists will provide general information on the differences between Corporations, Limited Liability Companies and much more.

Privacy & Data Security

We do not rent, lease, sell, or in any other way share your information. The only circumstance under which we will divulge company information is when we are forced to do so through legal proceedings. In addition to that rock-solid pledge, here are the other ways we safeguard the integrity and continuity of your data:

Your data is not only secure and hacker-proof on our servers, but backed up daily off-site using VaultLogix™, the preeminent company in the off-site data vaulting industry. VaultLogix's™ cutting-edge technology employs unique systems that keep your data safe and secure during backup and in storage.

Our office security systems include 24/7 video surveillance as well as after-hours motion detection monitored by Security, Inc.

Conventional electric power is backed up by a state-of-the-art Kohler™ 100 kW generator customized to our specifications. In the event of an outage, the digitally controlled generator automatically starts and supplies power within 10 seconds, ensuring virtually zero downtime.

All systems are redundant, including a standby emergency headquarters. This standby capability swings into action within hours and replaces the technological and operational infrastructure of our facility in the event of a natural or man-made disaster.

WHY IS DELAWARE

RECOGNIZED AS THE Incorporation Capital of the World?

Delaware is known around the world as the best and most business-friendly environment in which to incorporate, or form an LLC.



Over 60 percent of Fortune 500 companies and over half of all U.S. publicly traded companies are incorporated in Delaware.

Learn more about the benefits of Delaware.



Legal Protection:

-  The US Chamber of Commerce has ranked Delaware as the best legal system in the nation for nine consecutive years (Harris Poll State Liability Systems Ranking Study, United States Chamber of Commerce Institute for Legal Reform, 2012)
-  An established body of laws protect the Corporations and LLCs of Delaware, helping business owners focus on their companies rather than on court proceedings
-  The Delaware Court of Chancery is the oldest business court in the country and uses judges instead of juries




Tax Savings:

-  No state income tax for Delaware corporations that operate out of state
-  No business license required for Delaware corporations not operating in Delaware
-  No inheritance tax on stock held by non-residents of Delaware
-  No state sales tax on intangible personal property
-  Shares of stock owned by non-resident aliens are not subject to Delaware taxes

Flexibility & Convenience:

-  Anyone, anywhere in the world can incorporate in Delaware, without ever visiting the state
-  Confidential filing is available as an option to protect your identity
-  One person can hold all positions and be the sole owner of the corporation or LLC
-  You do not need a physical address within Delaware because we provide a Registered Agent address
-  Directors may fix any price on shares of stock they wish to sell
-  The cost to form a corporation or LLC in Delaware is one of the lowest in the nation or anywhere in the world

Genuine Confidentiality:

-  By allowing you to file confidentially, Delaware laws protect the identities and personal information of business owners
-  The State of Delaware does not require the names and addresses of LLC members and managers to be made public
-  Legal proceedings or law enforcement actions are two circumstances under which this information must be revealed by Delaware LLCs

On the following pages you'll see how straightforward our process is, from start to finish, and which business type best suits your needs. Don't forget, though, that we're standing by to answer your questions or assist you with any part of the process.

Limited Liability Company

In October, 1992, the State of Delaware passed legislation providing for the formation of a new corporate entity. Since that time, the Limited Liability Company, or LLC, has become the most popular type of company for both individuals and groups. LLCs are easy to manage and offer unmatched flexibility through a private contract called an Operating Agreement which governs the entity and specifies ownership interests.

The LLC may have one or more owners (called members) and may conduct any lawful business activity. In addition to being used to structure for-profit businesses, a Limited Liability Company is often used for holding assets like real estate, boats, airplanes and other large assets. Formalities such as meetings, by-laws, corporate resolutions and issuing stock can be eliminated, thus making the LLC much easier to manage.

When partnership tax treatment is elected, the LLC is not taxed at the entity level, which allows profits and losses to pass through to the members to avoid double taxation.

The LLC legally exists as a separate entity from its members, which protects the owners from being held responsible for the LLC's debts, judgments and liabilities.

Key Elements

- ▶ Allows pass-through taxation
- ▶ No restrictions on number of members (owners)
- ▶ Unmatched flexibility
- ▶ Corporate formalities can be eliminated
- ▶ Personal loss limited to investment within the LLC

Frequently Used For

- ▶ Holding assets (real estate, boats, airplanes, etc.)
- ▶ Single-owner ventures
- ▶ Family businesses and small partnerships
- ▶ Joint Ventures

The General Corporation

General corporations are commonly formed when a company is planning to go public or has a large group of investors. A general corporation typically has three tiers of power: the shareholders, the directors and the officers.

The Shareholders are the owners of the company, but they do not manage the company. Typically, holders of common stock have the right to one vote for each share they own to elect the members of the Board of Directors.

The Directors run the company and are responsible for its overall management. They make most major business decisions, such as the issuance of stock, the election of officers, the hiring of key management, the establishment of corporate policies and the setting of key officers' salaries and compensation packages.

The Officers work for the Board of Directors and usually handle day-to-day issues for the company. Officers carry out the Board's decisions and implement the Board's policies. Officers usually hold titles such as President, Vice President, Secretary and Treasurer.

Key Elements

- ▶ Multiple tiers of power: Shareholders, Directors, Officers
- ▶ Shareholders own the company
- ▶ Clear separation of rights and responsibilities
- ▶ May have multiple classes of stock
- ▶ No limit to size

Frequently Used For

- ▶ Companies that want to go public
- ▶ Raising capital
- ▶ Purchasing other companies
- ▶ Transacting business globally

The Close Corporation

A close, or "closely held," corporation is a type of venture where the shareholders, directors, and officers are typically the same people, and where all parties desire to remain a small, tight-knit group. Close corporations are restricted to no more than 30 shareholders.

A close corporation may be structured and run like a partnership with regard to management, division of profits, election of officers, employment of shareholders, and other aspects—all with the legal protection of a corporation. Additionally, restrictions on the sale, transfer, or disposition of stock may be written into the bylaws of a close corporation, and shareholders always have the contractual "right of first refusal" to buy shares before any third-party if a fellow stockholder decides to sell.

In extreme cases, where the shareholders of a close corporation are deadlocked and unable to effectively manage the company, the Delaware Court of Chancery may be petitioned by the corporation's directors or shareholders to appoint an impartial provisional director.

Key Elements

- Restricted to no more than 30 shareholders
- Restrictions on the sale or transfer of stock
- May run like partnership with all corporate benefits
- Eligible for Subchapter S (S-Corp) status with IRS

Frequently Used For

- Small, tight-knit business groups
- Family ventures
- Companies wanting less formal proceedings
- Restricting transfer of stock

The Non-Stock Corporation

Non-stock corporations are most commonly used for, but not limited to, non-profit corporations. These types of organizations may include homeowners' associations, churches, charities, educational foundations and community activism groups. Typically, non-profit corporations will seek tax-exempt status under section 501(c)(3) of the IRS code.

One requirement for obtaining tax-exempt status is the inclusion of proper language in the Certificate of Incorporation that limits the company's mission(s) to tax-exempt purpose(s). Personal gain is prohibited in a non-stock, non-profit corporation, except as the benefits of membership apply.

The non-stock corporation is owned by its members, because it has no shareholders. The members and qualifications for membership are defined in the corporation's by-laws. There can be different categories of membership, including voting and non-voting members. Some organizations offer membership to anyone who joins and pays annual dues. When you incorporate your non-stock, non-profit company through Harvard Business Services, Inc., you can define the qualifications of membership.

Key Elements

- May elect non-profit tax status
- Voting members elect the Board of Directors
- Board of Directors runs the corporation
- Membership qualifications defined in the by-laws
- Required to have a mission statement

Frequently Used For

- Charitable or Religious Organizations
- Homeowners' Associations
- Political Organizations
- Trade Associations

Understanding "S-Corp"

The S-Corporation, or "S-Corp", is the common name for a corporation that has successfully obtained Subchapter S tax status through the Internal Revenue Service. Subchapter S tax status is reserved for small business corporations, and refers only to a company's FEDERAL taxation. Therefore, the STATE in which the company is incorporated will not affect the application for S-Corp status.

After a Corporation is formed, it may apply for Subchapter S status with the IRS by filing Form 2553. A common misconception is that there is some complicated process to go through or some mysterious red tape that must be dealt with in order to qualify as an S-Corporation. This is not true! You simply fill out a one-page form and mail it to the IRS. In some states, it may be necessary for the corporation to file a form with the state in order to be treated as an S-corporation for state income tax purposes.

There are certain time limitations on S-Corporation election. If your corporation is newly formed, you should file Form 2553 within 75 days of your date of incorporation unless your corporation has conducted no activity, in which case you may be able to wait longer than 75 days.

Upon approval, S-Corporations can pass early losses through to the shareholders, giving investors tax write-offs against "ordinary" income up to the actual amount of money invested in the company. Once the company turns profitable, Subchapter S status eliminates taxation for the company by passing the tax liability on to the shareholders.

Qualifications for Sub-S Status:

- Must file Form 2553 in a timely manner
- Requires the approval of all shareholders
- Can not have more than 100 shareholders
- Shareholders can not be non-resident aliens
- Shareholders can not be other companies

Benefits of Sub-S Status:

- Pass-through tax treatment
- Investors can write off early losses
- Avoids double taxation on dividends

Disadvantages of Sub-S Status:

- Restricted to 100 shareholders
- Restricted to one class of stock
- Can not own or control large blocks of affiliated companies



Common Stock:

Every Delaware General Corporation MUST have one class of common stock. Holders of common stock are entitled to one vote per share to elect directors and vote on other matters. They are also entitled by law to their pro-rata share of the dividends.

Delaware's annual franchise tax is calculated on the number of shares of stock authorized. A "minimum stock company" is one that has authorized 5,000 shares of stock or less and pays the minimum annual franchise tax. Most NYSE companies pay the maximum franchise tax.

Delaware's "Blank Check" Preferred Stock:

In addition to common stock, the Board of Directors may elect to have additional classes of stock. The most notable of these is "Preferred Stock," or what is referred to in Delaware as "Blank Check Preferred." A hallmark of Delaware law is the ability of the company to use its authorized preferred stock as it needs it, and to negotiate separate conditions for each different "series" of the stock it uses for a particular purpose. That is why Delaware corporate attorneys refer to this type of stock as "Blank Check Preferred," because it can be divided up into separate series with different rights and privileges.

Under Delaware Law, preferred stock has no set prescription or formula. Its terms are open and limited only by what the dealmakers agree upon. Preferred stockholders may be preferred as to voting rights, dividends, security interests and liquidation rights (if the company should go bankrupt), and other considerations. It may be voting stock, with one or more votes per share, or non-voting stock. It may guarantee a certain dividend, or a dividend based on any formula or set of conditions. It is often used to give the investors preferential financial assurances without giving them voting rights. However, it can also be used to tip the balance of power in a company by giving the insiders super voting power (for example: 1,000 votes per share).

The company can reserve the right to buy out preferred shareholders at a given price, or at a given date in the future for a formula price. It can also retain the right to convert the preferred stock to common stock under certain circumstances. This is one of the great advantages of Delaware – it is extremely flexible.

How many shares of stock should you get?

Since your annual Delaware franchise taxes are based on your number of shares and their par value, it is typically best to keep both of these as low as you can.

Initially, most companies begin with 1,500 shares of "no-par" stock. This constitutes the highest number of shares and the lowest par value that keeps you within the guidelines for the minimum annual franchise taxes and filing fees per year. Later, you can increase the number of shares if you need more.

If you need more than 1,500 shares of stock initially, it becomes expensive to issue "no-par" stock. By placing a small par value on your stock, you can usually save a significant amount on taxes.

With par-value stock, in order to qualify for the lowest initial taxes, you must have no more than \$75,000 in total equity valuation. The formula works like this:

Number of shares (multiplied by) Par Value = \$75,000 (or less)

Accordingly, all of the share configurations below are allowed within the minimum initial tax:

15,000 shares	@	\$5.00 each (par value)	=	\$75,000
150,000 shares	@	\$0.50 each (par value)	=	\$75,000
1,500,000 shares	@	\$0.05 each (par value)	=	\$75,000
15,000,000 shares	@	\$0.005 each (par value)	=	\$75,000

Include all classes of stock, common and preferred, when figuring the above formula.

Par value has no relation to "market value" or "stock price," except that you cannot sell stock for less than the par. Therefore, if you plan on issuing stock to yourself for starting the company, you may want to consider keeping your par value low. This does not limit you with respect to stock price when you sell shares of stock to investors. Stock price is a matter of "what the market will bear," and it is to be expected that a company's stock price will fluctuate.

If you decide to place a par value on your stock (under \$100 per share), your annual franchise tax can be figured by a complicated formula based on your company's gross assets at the end of the year and the number of issued shares (not authorized shares). After you have gathered the necessary information, we can assist you in figuring out your tax liability each year.

Business Entity Comparison Chart

	Sole Proprietorship	Limited Liability Company
Formation	No State filing required	State filing required
Liability	Unlimited Personal Liability. Typically liable for the debts of the Sole Proprietorship	Typically, Members are not personally liable for the debts of the LLC
Raising Capital	Contributions often limited to individual's funds	Potential to sell interests, contingent upon operating agreement restrictions
Taxation	Not a separate taxable entity. Owners pay all of the taxes	Not taxed at entity level if properly structured. Profit/loss is passed through directly to the Members
Formalities	Minimal legal requirements	Less formal meetings and minutes are required than for corporations. State reporting not required
Management	Sole proprietor has full control and responsibility of management, operations, and day-to-day activities	Members have an operating agreement that outlines management responsibilities
Existence	Typically ceases doing business upon the death of the sole proprietor	Perpetual unless otherwise specified
Transferability	Ownership non-transferable	Contingent upon operating agreement restrictions

General Corporation	S-Corporation	Close Corporation
State filing required	State filing required. Within 60-75 days of formation, IRS filing of Subchapter S election is required	State filing required
Typically, Shareholders are not personally liable for debts of the Corporation	Typically, Shareholders are not personally liable for debts of the Corporation	Typically, Shareholders are not personally liable for debts of the Corporation
Shares of stock are usually sold to raise capital	Shares of stock are usually sold to raise capital	Shares of stock are usually sold to raise capital
Taxed at the entity level and Shareholders receiving dividends are taxed at the individual level	Not taxed at the entity level. Shareholders are taxed at the individual level for profit/loss	Taxed at the entity level and Shareholders receiving dividends are taxed at the individual level
Board of directors, formal meetings, minutes and annual State reports are required	Board of directors, formal meetings, minutes and annual State reports are required	Less formal meetings and minutes are required than for General Corporations. State reporting required
Shareholders elect board of directors to appoint officers for day-to-day management	Shareholders elect board of directors to appoint officers for day-to-day management	Shareholders manage day-to-day operations
Perpetual unless otherwise specified	Perpetual unless otherwise specified	Perpetual unless otherwise specified
Shares of stock are transferred with ease	Shares of stock are easily transferred after observing all IRS regulations and ownership requirements	Restrictions on transferring shares of stock

Ready To Get Started?

Harvard Business Services makes it fast, easy and affordable to incorporate your business. Here's how to get started:

1

Choose the Type of Entity and Complete the Questionnaire

After you have chosen the type of entity, complete the worksheet on page 15 or visit us online at www.delawareinc.com.

2

We Will Prepare and File the Necessary Documents

We will search the Delaware Division of Corporations' database of records to make sure your preferred company name is available, prepare your documents and submit your filing to the State of Delaware.

3

Receive the Final Package

We will forward the filed certificate to you along with final instructions. Based on which package you select, you may also receive a corporate seal, kit, stock certificates, IRS forms for S-Corporations and plenty of helpful tools to get you started. Harvard Business Services, Inc. will always be here to help you with our Lifetime Customer Support.

Get Started Now!!!



File by Internet

www.delawareinc.com

File by Phone

1-800-345-2677

File by Fax

1-302-645-1280

File by Mail or In Person

16192 Coastal Hwy, Lewes DE 19958

Affordable Pricing Options

Important Information About Our Rates

All package rates include Delaware filing fees, shipping fees and Registered Agent Fee (12 months). With Harvard Business Services, Inc. you can rest assured there are no hidden fees. We do not conceal additional costs like other company formation services. All company formations are filed electronically on a same-day basis and include lifetime customer support.

GREEN



The most economical and environmentally-friendly way to form an LLC or corporation.

DELIVERY

3 - 5 Business Days (via email)

INCLUDES

- ✓ All Delaware Fees
- ✓ Registered Agent Fee
- ✓ Name Check & Clearance
- ✓ Preparation of Articles
- ✓ Same-day Electronic Filing
- ✓ Certificate of Incorporation/Formation
- ✓ Digital Copy of Documents
- ✓ Digital Corporate Seal
- ✓ One Complete Year (12 Full Months) of Delaware Registered Agent Service
- ✓ Lowest Delaware Registered Agent Fee Guaranteed \$50/Year
- ✓ Lifetime Customer Support
- ✓ FREE Compliance Coaching

\$279

BASIC



Everything you need to get started, plus a CD-ROM with all the essentials.

DELIVERY

4 - 6 Business Days

INCLUDES

Everything you see listed in the **Green Package**, plus...

- ✓ Hard Copy of Documents
- ✓ All Shipping Fees



LLC/Corporation CD-ROM with:

- ✓ Operating Agreements/Bylaws for:
 - ✓ Single Member/General Corporation
 - ✓ Member Managed/Close Corporation
 - ✓ Manager Managed/Non-Stock Corporation
 - ✓ Multi Class/Non-Profit Corporation
 - ✓ Series LLC
- ✓ IRS Forms & Links
- ✓ Bank Resolution Form

\$329

STANDARD



The Basic package, plus a Deluxe LLC/Corporate Kit and Corporate Seal.

DELIVERY

3 - 5 Business Days

INCLUDES

Everything you see listed in the **Green and Basic Packages**, plus...



Deluxe LLC/Corporate Kit with:

- ✓ Gold Embossed Binder
- ✓ Company Guidebook
- ✓ Operating Agreements or Bylaws
- ✓ Meeting Minute Book
- ✓ Organizational Resolutions
- ✓ 10 Membership/Stock Certificates
- ✓ Membership/Stock Ledger

Corporate Seal



- ✓ Fold-up style embosser with lead-cast lettering and vinyl carrying case.

\$429

Worksheet Help

Still Need Help? Call Us Toll Free:
1-800-345-CORP (2677)

1. Company Name

LLC:

The following corporate endings are available for a Delaware LLC: Limited Liability Company, L.L.C. or LLC.

Corporation:

The following corporate endings are available when forming a Delaware Corporation: Association, Club, Company, Corporation, Fund, Foundation, Incorporated, Institute, Society, Syndicate, or Limited; or one of these abbreviations: Co., Corp., Inc. or Ltd. Your corporate name must NOT contain the words "Bank", "Trust", "University", or "College".

2. Company Type

Choosing a Company Type

Please check the red box next to the type of entity you wish to form. Please see pages 6-11 for a thorough explanation on the type of companies you can form and their benefits.

Stock and Par Value (Corporations Only)

Since your annual Delaware franchise taxes are based on your number of shares and their par value, it is generally best to keep both of these as low as you can. Initially, most companies begin with 1,500 shares of "no-par" stock. This constitutes the highest number of shares and the lowest par value that keeps you within the guidelines for the minimum annual tax. For a more complete explanation, please see page 9.

3. Select Package

Choosing a Package

Please select from one of the available packages by checking the red box next to the package. Details are located on page 13.

4. Contact Info

Communications Contact

Please complete the information for the communications contact, who must be a "natural person", and must be either a member, manager, officer, director, employee or designated agent of the Delaware entity you are forming. A natural person is someone who is an identifiable real person, as opposed to a business entity. Please provide a real business address (P.O. Box not permitted). Please note that this information will not be disclosed unless we're legally compelled to do so.

5. Directors/Members

Specifying Director(s) or Member(s)

Please specify at least one Director (Corporations) or Member (LLC). Delaware allows a Corporation/LLC to file confidentially. To list the Director/Member names, please check the box.

6. Payment Info

Payment Type

If you're mailing the worksheet, you have an option to make a payment with a Certified Check or an Authorized Money Order.

CW

If you're using Visa, MasterCard or Discover card, you can locate the 3-digit CVV code on the back of your credit card. If you're using an American Express card, the CVV code is the 4 digits on the front of the card above your credit card number.

New Company Worksheet

PHOTOCOPY THIS FORM
FOR EACH COMPANY

EASY WAYS TO FILE YOUR NEW COMPANY

File Online
www.delawareinc.com

File by Phone
1-800-345-2677

File by Fax
1-302-645-1280


File by Mail
16192 Coastal Hwy, Lewes DE 19958


1. Company Name

2. Company Type

(choose one)

Limited Liability Company

General Corporation  Common Shares: _____ Par Value: \$ _____

Close Corporation:  Common Shares: _____ Par Value: \$ _____

Non-Profit Corporation

3. Select Package

(choose one)

Green Package (Delivery: 3-5 Business Days via email) \$279

Basic Package (Delivery: 4-6 Business Days) \$329

Standard Package (Delivery: 3-5 Business Days) \$429

4. Contact Info

Name: _____ Title: _____

Business Address: _____

City: _____ State: _____ Zip Code: _____

Business Phone: _____ Fax: _____

Email: _____

5. Directors/Members

Name: _____

Name: _____

Name: _____

List names on the Certificate of Incorporation/Formation for public record

6. Payment Info


Specify Payment: Visa MasterCard American Express Discover Check

Exact Name on Card: _____

Card Number: _____ Exp. Date: _____ CVV: _____



By signing this form, I authorize Harvard Business Services, Inc. to process my order, complete my filing, and charge my credit card for the package amount indicated above. I agree that I am subject to all of the same terms and conditions set forth on www.delawareinc.com. All of the information I have provided on this form is true and correct.

Signature:  _____ Date: _____

After Forming Your Company

Harvard Business Services, Inc. has assembled the following list to help you stay in compliance.

Registered Agent

Now that you've started your new company, it is essential to maintain a Registered Agent that resides within the State of Delaware. In the simplest terms, a Registered Agent is the person or company appointed to accept legal service of process and other official correspondence on behalf of the Corporation/LLC. Appointing Harvard Business Services, Inc. as your Registered Agent ensures that this important service is handled properly and efficiently. Our Registered Agent fee of \$50 for 12 months is the lowest in the industry and is guaranteed never to increase for the life of your company.

As your registered agent, we will:

- Receive legal documents (service of process), Delaware franchise tax reports and other official Delaware State correspondence
- Provide you with a certified receipt that service of process has been forwarded to your location
- Provide a layer of privacy, protecting you from being served with a legal proceeding in front of customers, vendors or neighbors
- Free you from maintaining regular business hours within the State of Delaware
- Allow you to focus on growing your business



Communications Contact

During your application process, you will be asked for a communications contact who is a "natural person" responsible for receiving official correspondence from Harvard Business Services, Inc. The communications contact must be a director, officer, member, manager, or designated agent of the Corporation/LLC. From time to time, Harvard Business Services, Inc. will request that you update this contact information so that we can contact you in case you receive official notices or information. The State of Delaware requires that you update this information if you move or relocate your place of business.

Corporate/State Compliance

Corporate compliance refers to the steps a business entity takes in order to make sure personal assets are treated separately from business assets, so that the so-called "corporate veil" can not be pierced and creditors can not come after your personal assets. To maintain this protection, you must operate your business as a separate entity and not as an extension of yourself (keep your entity in compliance with all annual maintenance requirements). Some annual maintenance requirements include conducting meetings, keeping meeting minutes, drafting resolutions to authorize corporate actions, maintaining a registered agent, and paying your franchise taxes. If you are forming a company and are not located within the State of Delaware, you will most likely need to qualify as a foreign entity to conduct business in your home state.

After Forming Your Company

Annual Maintenance

Limited Liability Companies

The Delaware Division of Corporations imposes only three annual maintenance requirements for LLC's:

- 1) pay a franchise tax by June 1 annually
- 2) maintain a Delaware registered agent
- 3) update your communications contact

General & Close Corporations

The Delaware Division of Corporations imposes only three annual maintenance requirements for general and close corporations:

- 1) pay a franchise tax by March 1 annually
- 2) maintain a Delaware registered agent
- 3) update your communications contact

Non-Profit Corporations

The Delaware Division of Corporations imposes only three annual maintenance requirements for non-stock corporations:

- 1) pay a report fee of by March 1 annually
- 2) maintain a Delaware registered agent
- 3) update your communications contact



The term “franchise tax” refers to the annual Delaware state tax and does not imply your business is a franchise. Harvard Business Services, Inc. will forward your annual franchise tax notices to you and send friendly reminders on how and where to file your franchise tax.

Federal Tax Identification Number

In order to maintain corporate compliance, as well as to open most business bank accounts, your new company will need a Federal Tax Identification Number, also called an Employer Identification Number or EIN. Harvard Business Services, Inc. can obtain the number for you for an additional fee.

Expenses and Tax Deductions

With a small business, expenses and tax deductions often go hand-in-hand. For instance, if you establish a home office, the area devoted solely to your business can be tax deductible. By determining the fraction of your home expenses used by your office, you can calculate the deduction amount. Within the office, you can deduct the costs of supplies, furniture, computer equipment and software. You can also utilize certain expenses such as travel, lodging and entertainment for clients as tax deductions. Consult with your tax advisor at least twice a year to make sure you are taking advantage of all the tax deductions available.

Additional Business Services



Harvard Business Services, Inc. will provide assistance throughout the life of your company.

“ In all my years, I have never encountered such speed and efficiency. We received our order within 24 hours as promised. I would recommend your services to anyone! ”

*Hao Guan
Flex World Fitness, LLC*

The following services are the most popular with our customers

Foreign Qualification

If you're forming a Delaware company (Inc or LLC) and operating in another state, you may be required to file an application to operate your Delaware Company as a "foreign" company in that state. The filing is called "Foreign Qualification"; each state has different requirements and fees for filing a "Foreign Qualification", so this service is not included in our formation packages. However, Harvard Business Services will be happy to take care of the "Foreign Qualification" for you and make the process just as easy as forming your Delaware company. At Harvard, we're experts in filing documents in all 50 states where you intend to operate, have employees or an office, and our goal is to make it as easy as possible for you to start your company.

Tax ID Number (EIN)

The EIN (Employer Identification Number), assigned by the U.S. Federal Government, is provided to each entity that completes an application. The EIN, also known as a company's "Federal Tax Identification Number", is mandatory for opening bank accounts, obtaining loans, hiring employees, or conducting business in the United States. Think of it as the Social Security Number for your Company. Let Harvard Business Services, Inc. save you time and take the anxiety out of filing the appropriate application with the IRS. (Please contact us to obtain a list of additional tax services.)

Mail Forwarding Solutions

Many clients do not have a physical address, other than their home office; others want to establish a U.S. presence. Harvard Business Services, Inc. combines the confidentiality of a DE company with a unique mail-forwarding service for your heightened privacy!

The incoming mail is addressed to your company name at our address, which is NOT a Post Office Box or a Postal Mail Box.

Certificate of Good Standing

A Certificate of Good Standing, also known as a Certificate of Existence, is a letter provided by the Delaware Secretary of State stating the company is current with all franchise taxes, filings, and registered agent services.

Many banks will require a Certificate of Good Standing when applying for a loan, line of credit or opening an account. Also, before signing a large contract, a company may be asked to present a Certificate of Good Standing.

Name Change

Is your Corporation or LLC name outdated, or no longer reflects the nature of your business? Do you need to make changes to your original Articles of Organization or Incorporation? We can save you time and money by filing a name change.

Stock Amendment

Do you need to increase the shares of stock your corporation has to offer? An amendment is an economical way to increase the share structure. Tell us the total number of shares authorized along with the new par value and we'll take care of the rest.

Changing Registered Agents

Save on annual fees by changing to Harvard Business Services, Inc. as your registered agent. Our fee is the lowest in the industry — guaranteed! A registered agent is a person or entity with a physical street address in Delaware that is authorized to receive official documents from the State of Delaware. Every Delaware business entity must designate a registered agent in documentation filed with the State of Delaware. A registered agent must be available during normal business hours to accept mail or documents on behalf of a company whose location may be outside of Delaware. Change your Registered Agent to Harvard Business Services, Inc. today!

Apostille Service

In 1961, many nations joined to create a process of "legalizing" documents for universal recognition. This group of nations is known as the Hague Convention. They adopted a document referred to as an apostille, which is internationally recognized by all member nations.

For a full list of Hague Convention members, please visit www.delawareinc.com

For a complete list of additional business services, please visit www.delawareinc.com

AVOID HIDDEN FEES

WHAT YOU SHOULD KNOW ABOUT HOW SOME COMPANIES
HIDE THE TRUE NATURE OF THEIR FEES

For more than 30 years we have seen hundreds of competitors come and go. As these competitors have gone in and out of business, we have reviewed their content and compiled a list of tactics many companies use to get your business.

Compare our package prices with those you'll find from other companies. As you compare, pay special attention to the kinds of hidden fees we've listed below. By not fully disclosing the true nature of their fees, the real cost of services can add up quickly and cost much more than you expected.

We mean what we say about pricing, service and turnaround times. In a circumstance where time is money, competitors could cost you a fortune.

What to Look For:

Companies may sell their services as a "package" and offer what seems to be an attractively low price at first, but then tack on fees they did not initially tell you about.

- 
- State Filing Fees
 - Registered Agent Fees
 - Shipping Fees
 - Processing Fees
 - And much more

Other ways some companies hide or disguise fees:

- Registered Agent fees are not included in a so-called package price
- Registered Agent fees promoted as 3-6 months of "free" Registered Agent services
- Promoting a free first year of Registered Agent service when in fact it's only free until the end of the current calendar year, at which time you'll get a bill for the next year of Registered Agent service
- An increase in the Registered Agent fee from the first year to the second (that they forgot to mention)
- Registered Agent fees that increase in price the longer you keep your company

What else they neglect to mention:

- That they place limits on your access to their version of customer service, making it expensive or inconvenient to get the help or answers you need
- That they will sell or lease your name and address on a mailing list to marketers
- That it may take them weeks simply to process your order, so instead of receiving your documents in just a few days, it could take as long as 3-6 weeks!

Reference Guide

A

Amendment - A formal filing with the Secretary of State that amends the original or any subsequent filing, e.g., change company name, change number of authorized shares, change par value, etc.

Annual Agent - Same as "Registered Agent," Annual Agent is required by statute to be appointed by the company to receive and forward legal and government documents on behalf of the company. Sometimes called Annual Agent because services are paid for on an annual basis.

Annual Meeting - A yearly meeting of a corporation's stockholders wherein the previous year is reviewed and the upcoming year is planned. Actions are taken by vote and documented in minutes and resolutions.

Apostille - A separate document required by foreign countries that are parties to the 1961 Hague Convention (most US allies) that attests to the validity of a signature on a U.S. document. The apostille allows the foreign country to accept the validity of the U.S. document for use in its territory.

Asset - An object possessed or owned by an individual or entity that has value.

Asset Protection - A method by which an individual or entity protects their assets through the use of multiple entities, trusts, insurance, and estate planning.

B

Beneficial Owners - Those with an ownership interest in an entity. Called "beneficial" because they benefit from the profits of the entity.

Board of Directors - A group of directors, elected by a majority of the shareholders, that manage a Corporation.

C

C Corporation - The classic, general corporation. Sometimes referred to as a C Corporation due to it being taxed pursuant to Subchapter C of the IRS Code.

Certificate of Formation - Document filed with the Secretary of State that officially creates an LLC in Delaware.

Certificate of Good Standing - Official document issued by the Secretary of State that confirms an entity is in good standing with the state, i.e., franchise taxes are current, registered agent appointed, etc.

Certificate of Incorporation - Document issued by the Secretary of State that officially creates a Corporation in Delaware.

Common Stock - The standard class of stock that provides its holders with the right to, among other things, vote on important matters, elect directors and collect dividends. Sometimes referred to as Primary Stock.

Communications Contact - A natural person authorized to receive official communications from a Registered Agent

Corporate Compliance - The act of maintaining proper corporate records and registered agent services, making timely franchise tax payments, holding the entity out as a separate and distinct being, and not commingling personal assets with corporate assets.

Corporate Veil - A shield of limited liability afforded to Corporations and LLCs that maintain their corporate compliance. Creditors cannot proceed against owners' personal assets.

D

Directors - Individuals elected to manage the affairs of a Corporation. Sometimes, LLCs choose in their Operating Agreements to have directors, which directors may be individuals or entities.

Dissolution - The act of formally dissolving an existing entity that no longer intends to conduct business.

E

Employer Identification Number (EIN) - The tax identification number provided by the Federal Government to each entity that applies. Same as "Federal Tax Identification Number."

F

Federal Income Tax - Taxation by the U.S. government on the income realized by individuals and entities during a given fiscal or calendar year.

Foreign Corporation - A corporation first formed outside of Delaware authorized to conduct business within the State of Delaware.

Franchise Tax - An annual tax levied upon all Corporations and LLCs for the privilege of being incorporated or formed in Delaware.

I

Incorporator - An individual or entity that forms a Corporation on behalf of a client by filing the necessary formation documents with the Secretary of State and returning them to the client. Normally, the incorporator is the Corporation's registered agent.

Issued Shares - Those common and preferred shares that a Corporation chooses to issue to its existing or potential shareholders.

L

Limited Liability - The liability of an owner of a Corporation, LLC, or Statutory Trust for the business debts of the entity is limited to the owner's investment in the entity. Owner's personal assets are protected.

Limited Liability Company - An entity that provides owners with limited liability and pass-through taxation benefits. Governed by a private, flexible contract called an Operating Agreement. Owned by Members with membership certificates.

M

Manager - An individual or entity chosen by the Members of an LLC to manage the daily operations of the LLC. A Manager can be, but does not have to be, a Member.

Managing Company - A company separate from the Operating Company that manages the assets of the Operating Company in return for a management fee.

Managing Member - A Member of an LLC that also serves as a Manager of the daily operations.

Membership Certificate - Evidence of ownership or Membership Interest in an LLC provided to its Members.

N

Net Assets - Gross assets, less all expenses and taxes due.

Nonprofit Corporation - A Corporation organized for some charitable, civic, or religious purpose that does not generate profits for its shareholders. Must apply for non-taxable status with the State and Federal Government.

O

Operating Agreement - The private, flexible contract between Members of an LLC that governs the creation, management, and daily affairs of the LLC.

Organizational Meeting - The initial meeting of the initial directors wherein the board of directors is appointed, and the bylaws are adopted.

Organizer - An individual or entity that organizes an LLC on behalf of a client by filing the necessary formation documents with the Secretary of State and returning them to the client. Normally, the organizer is the LLC's registered agent.

P

Par Value - The stated minimum value of a Corporation's stock.

Pass-Through Taxation - All income and profits are passed through the entity to the owner and this income is only taxed one time. LLCs and S Corporations provide this tax benefit to their owners.

Piercing the Corporate Veil - The act in which creditors are able to attack the personal assets of a Corporation's owners due to the Corporation not conducting business as an entity separate from its owners, e.g., commingled funds, incomplete corporate records, unpaid franchise taxes or registered agent service.

Preferred Stock - A special class of stock whose holders get paid dividends or asset distributions before common stock holders. An excellent way to attract investors, and also maintain control of the daily operations since preferred stock holders are normally denied voting rights.

Principal Place of Business - The actual, physical location wherein a company conducts the greatest portion of its business (not the same as Registered Agent).

R

Registered Agent - An entity appointed by the company to receive and forward service of process and other government documents, such as franchise tax reports, to the client. This appointment is required by statute.

Renewal - The act of filing formal documents to renew an inoperative or forfeited charter.

Resolution - A document that memorializes the decisions made and actions authorized by a board of directors or the shareholders, or the members of an LLC.

Revocation - The official act of revoking a voluntary dissolution so as to allow the entity to continue to conduct business as that entity.

S

S Corporation - A general or close corporation that elects pass-through taxation treatment with the IRS. Limited to 75 shareholders, and these shareholders must be U.S. resident individuals.

Secretary of State - The State official and agency responsible for business formations.

Service of Process - Time-sensitive documents, such as lawsuits and subpoenas, served upon a registered agent on behalf of a client that typically require a response by the client.

Share - A unit of ownership, or equity interest in a Corporation.

Shareholder - One who has title to a share and, therefore, ownership or equity interest in a Corporation.

Sole Proprietor - An individual who operates a business under his own name. No limited liability protection.

Stock Amendment - A formal filing with the Secretary of State that amends the original Certificate of Incorporation to change number of authorized shares or change par value.

Stock Certificate - A certificate that evidences a stockholder's ownership or equity interest.

V

Void - The status given to an entity that has failed to pay its franchise taxes.

Voting Stock - Stock, typically common stock, that entitles the holder to vote at a stockholder meeting.

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WHY HARVARD BUSINESS SERVICES, INC.

IS THE SMART CHOICE

Forming your own business is a smart choice. Choosing Harvard Business Services, Inc. as your partner in helping you form it is even smarter. Here's why:



We've been forming companies for more than three decades.



We can form your company faster and more efficiently than anyone else, because THAT'S ALL WE DO!



Business owners and entrepreneurs from across the USA and around the world have chosen Harvard Business Services, Inc. to help them with their business formation and ongoing needs.



We can offer you personalized assistance in explaining the options. Or you can form your company on our website in a matter of minutes.



We offer guaranteed pricing with no hidden fees. Our Registered Agent fees are the lowest in the business – only \$50 per year – and we guarantee that your agent fee will remain FIXED at \$50 per year for the life of your company. No other company makes this guarantee.

For more information, please visit us online at:

www.delawareinc.com

If you need assistance at any time, please be sure to call one of our business formation specialists



QUESTIONS? CALL US TOLL FREE

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