

## Types of Corporations

\_\_\_\_\_1\_\_\_\_\_ - is the most commonly used type of corporations suitable for \_\_\_\_\_2\_\_\_\_\_ of any size.

- Can have any number of \_\_\_\_\_3\_\_\_\_\_.
- Shareholder's \_\_\_\_\_4\_\_\_\_\_ protected from the creditors of the corporation since the \_\_\_\_\_5\_\_\_\_\_ of the shareholders is limited to the amount contributed by them to the \_\_\_\_\_6\_\_\_\_\_ of the Corporation
- The only disadvantage of C-Corporations is \_\_\_\_\_7\_\_\_\_\_ as profits are taxed first as \_\_\_\_\_8\_\_\_\_\_ to the corporation, then as income to the shareholder when distributed as \_\_\_\_\_9\_\_\_\_\_.

\_\_\_\_\_10\_\_\_\_\_ - having not more than \_\_\_\_\_11\_\_\_\_\_ shareholders.

- It is treated as a \_\_\_\_\_12\_\_\_\_\_ or a Limited Liability Company for \_\_\_\_\_13\_\_\_\_\_ purposes therefore it avoids double taxation.
- Generally \_\_\_\_\_14\_\_\_\_\_ from federal taxes.
- If a shareholder works for the company, and if there is a profit, must pay him/herself wages, and must meet \_\_\_\_\_15\_\_\_\_\_ of "reasonable \_\_\_\_\_16\_\_\_\_\_".

Limited Liability Company (\_\_\_\_17\_\_\_\_) - new type of \_\_\_\_\_18\_\_\_\_\_ business structure that is a legal entity that is formed by filing Articles of Organization at the \_\_\_\_\_19\_\_\_\_\_ level.

- same way a corporation does to its shareholders--without the formalities and stringent \_\_\_\_\_20\_\_\_\_\_ requirements normally associated with \_\_\_\_\_20\_\_\_\_\_.
- The \_\_\_\_\_21\_\_\_\_\_ of an LLC are generally not responsible for the \_\_\_\_\_22\_\_\_\_\_ and obligations of the LLC.
- LLC is flexible in allocating ownership \_\_\_\_\_23\_\_\_\_\_ amongst partners. Ownership interest in an LLC can be divided in \_\_\_\_\_24\_\_\_\_\_ way the partners see fit, regardless of if and how much \_\_\_\_\_25\_\_\_\_\_ is contributed by each \_\_\_\_\_26\_\_\_\_\_.
- Can be \_\_\_\_\_27\_\_\_\_\_ like a partnership or a corporation

- LLC must not have more than 28 of the 29 characteristics that define corporations: Limited liability to the extent of assets, continuity of 30, centralization of 31, and free transferability of 32 interests.

### Other Forms of 33

34 corporations – created to provide service and are not concerned with making a profit.

- 35
- Red Cross
- United Way

36 – business owned by its 37 and operated for their benefit.

- Credit Unions
- Utility Services

38 – is a method a company uses to distribute its products or services through retail outlets owned by independent, third party operators.

- Advantages: The independent operator 39 business using the 40 methods, trademarked goods and services and the "goodwill" and 41 recognition developed by the company.
- Disadvantages: The independent operator 42 an initial fee and royalties to the owners of the franchise. The independent operator must use the supplier the Franchisor requires.