MANIFEST DESTINY
LLC

BUSINESS 101

INTRO

THE RIGHT ONE FOR ME

Business Smarts =
Business Success

EMPOWERING ENTREPRENEURS.
BUILDING LEGACIES.

KNOWLEDGE TODAY.
FREEDOM TOMORROW.

Welcome to Business 101: The Right One for Me

Welcome! I'm so excited you've decided to invest in yourself and your future.

Starting a business isn't just about making money—it's about discovering your purpose, using your gifts, and creating opportunities that can change your life and the lives of others. Before you invest your time, energy, and resources into any business, it's important to answer one critical question:

"Is this the right business for me?"

Throughout this course, you'll gain practical knowledge to help you identify your strengths, evaluate business opportunities, avoid common mistakes, and build a solid foundation for long-term success.

Remember this: **Business Smarts = Business Success.** The more informed your decisions, the greater your opportunity to build a profitable and sustainable business.

Whether you're exploring entrepreneurship for the first time or looking to pivot into a new venture, this course is designed to equip you with the tools, confidence, and mindset needed to move forward with clarity.

Let's get started on building a business that's not only profitable—but the right one for you.

What Is Sole Proprietorship?

A **Sole Proprietorship** is the simplest and most common type of business structure. It is a business owned and operated by **one individual**, and there is **no legal separation** between the owner and the business.

As the owner, you make all the decisions, receive all the profits, and are personally responsible for all debts and obligations of the business.

Key Characteristics

- **One owner** controls the business.
- **Easy to start** with minimal paperwork.
- **Low start-up costs** compared to other business structures.
- **Business income** is reported on the owner’s personal tax return.

- The owner has **unlimited personal liability**, meaning personal assets (such as a home, savings, or vehicle) may be at risk if the business is sued or cannot pay its debts.

Advantages

- Simple and inexpensive to establish.
- Complete control over business decisions.
- All profits belong to the owner.
- Fewer government regulations and reporting requirements.
- Easy tax filing.

Disadvantages

- Unlimited personal liability.
- Can be more difficult to raise money from investors or lenders.
- The business usually ends if the owner retires, becomes disabled, or passes away.
- The owner is responsible for all business debts and obligations.

Example

Sarah loves baking and decides to sell homemade cakes from her home. She starts her business using her own name, obtains the necessary local business licenses, and reports her earnings on her personal tax return. Since she is the only owner and has not formed a separate legal entity such as an LLC or corporation, Sarah is operating as a **sole proprietorship**.

Remember

A sole proprietorship is an excellent option for many small businesses and entrepreneurs who want a simple way to start. However, as the business grows, owners should consider whether another business structure, such as an LLC or corporation, would provide better legal protection and tax advantages.

Business Tip: Just because a sole proprietorship is the easiest business to start doesn't always mean it's the best choice. Before selecting a business structure, consider your goals, your level of financial risk, and your plans for future growth.

What Is a Limited Liability Company (LLC)?

A Limited Liability Company (LLC) is a business structure that combines the simplicity of a sole proprietorship or partnership with the legal protection of a corporation. An LLC is considered a separate legal entity from its owner(s), helping protect the owners' personal assets from most business debts and lawsuits.

The people who own an LLC are called **members**, and an LLC can have **one member (Single-Member LLC)** or **multiple members (Multi-Member LLC).**

Key Characteristics

- One or more owners (called members).
- Protects the owner's personal assets from most business liabilities.
- Flexible management structure.
- Profits and losses typically "pass through" to the owners' personal tax returns unless another tax election is made.
- Requires filing formation documents with the state and paying state filing fees.

Advantages

- **Limited Liability Protection:** Your personal assets, such as your home, savings, and personal vehicle, are generally protected from business debts and lawsuits.
- **Tax Flexibility:** An LLC can choose how it wants to be taxed (sole proprietorship, partnership, S Corporation, or C Corporation, if eligible).
- **Professional Credibility:** Operating as an LLC can make your business appear more established and trustworthy.
- **Flexible Ownership:** An LLC can have one owner or several owners.

Disadvantages

- More expensive to establish than a sole proprietorship.
- Annual state filing fees or reports may be required.
- Recordkeeping requirements are generally greater than those of a sole proprietorship.
- Rules and fees vary from state to state.

Example

Michael starts a consulting business and forms **Michael's Business Solutions, LLC**. He files the required paperwork with his state, receives an Employer Identification Number (EIN), and opens a separate business bank account. If the business is sued or cannot pay a debt, Michael's personal assets are generally protected, provided he has operated the LLC properly and kept his personal and business finances separate.

Sole Proprietorship vs. LLC

Sole Proprietorship	Limited Liability Company (LLC)
One owner	One or more owners
No legal separation between owner and business	Business is a separate legal entity
Owner has unlimited personal liability	Personal assets are generally protected
Easy and inexpensive to start	Requires state registration and filing fees
Income reported on owner's personal tax return	Flexible tax options

Business Tip

Many entrepreneurs begin as sole proprietors because it's simple and inexpensive. As their business grows, hires employees, signs contracts, or increases its financial risk, they often form an LLC to gain legal protection and enhance their professional image.

Remember: An LLC protects your personal assets—but only if you operate it correctly by maintaining separate business finances, following state requirements, and complying with applicable laws.

What Is a C Corporation (C-Corp)?

A **C Corporation (C-Corp)** is a legal business structure that is separate from its owners, who are called **shareholders**. It is considered its own legal entity, which means the corporation can own property, enter contracts, borrow money, sue, and be sued in its own name.

One of the biggest advantages of a C Corporation is that it provides **limited liability protection**, meaning shareholders are generally not personally responsible for the corporation's debts and legal obligations.

Key Characteristics

- Owned by one or more shareholders.
- Managed by a **Board of Directors** and corporate officers.
- Exists as a separate legal entity from its owners.
- Can continue to exist even if ownership changes.
- Pays corporate income taxes separately from its owners.

Advantages

- **Limited Liability Protection:** Shareholders' personal assets are generally protected from business debts and lawsuits.
- **Unlimited Growth Potential:** A C Corporation can issue multiple classes of stock and raise capital from investors.
- **Business Continuity:** The corporation continues to exist even if owners sell their shares or pass away.
- **Employee Benefits:** Can offer attractive benefits such as retirement plans, health insurance, and stock options.
- **Professional Credibility:** Often viewed as a strong business structure for companies seeking significant growth.

Disadvantages

- **Double Taxation:** The corporation pays taxes on its profits. If profits are distributed as dividends, shareholders also pay taxes on those dividends.
- More expensive and complex to establish than an LLC or sole proprietorship.
- Requires more paperwork, recordkeeping, and corporate formalities.
- Must hold regular board meetings and maintain corporate records.

Example

ABC Technology Corporation is owned by several shareholders. The company develops software and sells shares to investors to raise money for expansion. The corporation pays taxes on its profits. If it distributes dividends to shareholders, those individuals also pay taxes on the dividends they receive. This is known as **double taxation**.

LLC vs. C Corporation

Limited Liability Company (LLC)	C Corporation
One or more owners (members)	One or more shareholders
Flexible management	Managed by a Board of Directors and officers
Pass-through taxation by default	Corporation pays its own taxes
Simpler recordkeeping	More formal corporate requirements
Best for many small to medium-sized businesses	Often best for businesses seeking investors or large-scale growth

Who Should Consider a C Corporation?

A C Corporation may be a good choice if you:

- Plan to seek venture capital or outside investors.
- Intend to issue stock.
- Expect significant business growth.
- Want the business to continue beyond the involvement of the original owners.
- Plan to become a publicly traded company in the future.

Business Tip

Choosing the right business structure is one of the most important decisions you'll make as an entrepreneur. While a C Corporation offers excellent liability protection and growth opportunities, it also comes with greater complexity and tax considerations. Before deciding, consult with an attorney, accountant, or business advisor to determine which structure best aligns with your goals.

Remember: The right business structure isn't just about today—it's about where you want your business to be tomorrow.

What Is an S Corporation (S-Corp)?

An **S Corporation (S-Corp)** is **not a separate type of business entity**—it is a **special tax election** that eligible corporations and Limited Liability Companies (LLCs) can choose by filing with the Internal Revenue Service (IRS).

An S Corporation allows business profits and losses to **pass through** directly to the owners' personal tax returns, helping avoid the **double taxation** associated with a C Corporation.

Owners of an S Corporation are called **shareholders**.

Key Characteristics

- Provides limited liability protection for shareholders.
- Income, losses, deductions, and credits pass through to shareholders.
- Avoids federal corporate income tax in most cases.
- Must meet IRS eligibility requirements.
- Shareholders who work for the company must receive a reasonable salary.

Advantages

- **Avoids Double Taxation:** Business profits are generally taxed only once—on the shareholders' personal tax returns.
- **Limited Liability Protection:** Shareholders' personal assets are generally protected from business debts and lawsuits.
- **Potential Tax Savings:** Owners may reduce certain self-employment taxes by paying themselves a reasonable salary and taking additional profits as distributions, when done in compliance with tax laws.
- **Professional Credibility:** Operating as an S Corporation can enhance the company's image with customers and lenders.

Disadvantages

- More paperwork and compliance requirements than a sole proprietorship or standard LLC.

- Owners who work in the business must be paid a reasonable salary, with payroll taxes withheld.
- There are IRS restrictions on ownership, including:
    - No more than **100 shareholders**.
    - Shareholders must generally be **U.S. citizens or resident aliens**.
    - Only **one class of stock** is allowed.

Example

Maria owns a successful marketing agency organized as an LLC. As her profits increase, she elects to have the LLC taxed as an **S Corporation**. She pays herself a reasonable salary through payroll and receives the remaining profits as distributions. This tax election may reduce certain employment taxes while maintaining the liability protection of her LLC.

C Corporation vs. S Corporation

C Corporation	S Corporation
Pays corporate income tax	Generally does not pay federal corporate income tax
Double taxation may apply	Pass-through taxation
Unlimited number of shareholders	Maximum of 100 shareholders
Multiple classes of stock allowed	Only one class of stock
Can have foreign shareholders	Shareholders generally must be U.S. citizens or resident aliens

Who Should Consider an S Corporation?

An S Corporation may be a good choice if you:

- Own a profitable small business.
- Want limited liability protection.
- Want to avoid double taxation.
- Meet the IRS eligibility requirements.
- Are willing to comply with payroll, tax, and recordkeeping requirements.

Business Tip

Many entrepreneurs form an **LLC first** because it is simple and flexible. As the business grows and becomes more profitable, they may elect **S Corporation tax status** to take advantage of potential tax savings. This decision should be made with guidance from a qualified CPA or tax advisor to ensure it aligns with the business's financial goals and complies with IRS rules.

Remember: An S Corporation is a **tax election**, not a separate legal entity. Choosing the right structure and tax status can have a significant impact on your taxes, legal protection, and long-term business success.

Congratulations!

Congratulations on completing **Business 101: The Right One for Me!**

You've taken an important step toward becoming a more informed and confident entrepreneur. Throughout this course, you've learned that choosing the right business structure is more than a legal decision—it's a strategic decision that can affect your finances, liability, taxes, and long-term success.

Remember, successful businesses are not built by chance. They are built through preparation, knowledge, planning, and consistent action. The more you understand your business, the better equipped you are to make sound decisions that will support your vision.

As you move forward, continue to learn, ask questions, seek wise counsel, and remain committed to excellence. Every successful entrepreneur started where you are today—with an idea, a dream, and the courage to take the first step.

Never allow fear, uncertainty, or past failures to stop you from pursuing the business you've been called to build. Your journey will require determination, resilience, and faith, but the rewards of building something meaningful are worth the effort.

At **Manifest Destiny LLC**, we believe every dream deserves a plan and every entrepreneur deserves the opportunity to succeed. Whether you're launching your first business or expanding an existing one, remember that the right foundation today creates the opportunity for lasting success tomorrow.

Thank you for allowing us to be part of your entrepreneurial journey.

Remember: Business Smarts = Business Success. We wish you continued success as you build your business that is truly the right one for you!