



United States Department of Agriculture

**Prospectus for Campground and Related Granger-Thye Concessions**

**Stanislaus National Forest**

**U.S. DEPARTMENT OF AGRICULTURE**

**Forest Service**

**Appendix 13: Indirect Cost Reimburse Letter**

**File Code:** 2720/6500

**Date:** July 11, 2002

**Route To:**

**Subject:** Indirect Cost Reimbursement in Granger-Thye Permits

**To:** Regional Foresters

**Issue.** At the request of the National Forest Recreation Association (NFRA) we have evaluated how the Forest Service reimburses the indirect costs of permit holders who perform Granger-Thye (GT) fee offset work. Holders are concerned that forests are inconsistent on whether and how indirect costs are allowed and what documentation is necessary to support a claim for indirect costs.

**Background.** Under Section 7 of the GT Act, and when authorized by a permit and GT fee offset agreement (GT agreement), the Forest Service offsets all or part of the permit fee paid by campground concessionaires with the cost of Government renovation, reconditioning, improvement, and maintenance performed at the concessionaire's expense on facilities covered by the permit. When the holder performs the work, it is authorized by an attachment to the permit called a GT fee offset agreement. Alternatively, the Forest Service may enter into a collection agreement as authorized by Section 5 of the GT Act to perform work eligible for fee offset under Section 7.

**Historical Practice.** Typically the field has offset the holder's direct costs for approved offset work, but reimbursement for the holder's indirect costs has varied. Approaches have included limiting indirect costs to a maximum of 5 percent or 10 percent of the fee to be offset, limiting the type of indirect costs to be reimbursed, or reimbursement of a flat overhead rate without documentation. Review of this issue has shown that these methods are not appropriate, because holders should be reimbursed actual costs. There is a misconception among employees and holders that the Forest Service can reimburse a flat indirect cost rate without documentation. There is often disagreement between forests and holders about what costs may be reimbursed.

**Comparison.** The Office of Management and Budget (OMB) has issued circulars to guide cost reimbursement for several types of business entities, including Circular A-87 for State and Local Governments and Circular A-122 for Non-Profit Organizations. The Federal Acquisition Regulation (FAR) Part 31 guides cost reimbursement for Commercial (For-Profit) Entities. We evaluated how cost reimbursement is conducted in other agency programs. Regulations at 7 CFR 3019.27 were updated in August 2000 to address the determination of allowable costs for grants and agreements in conformance with applicable OMB circulars. FSH 1509.11, Chapter 70, provides that administration of costs in grants and agreements for commercial entities is subject to FAR Part 31, Contract Cost Principles and Procedures. Adopting these cost standards for GT offset will create consistency among the program areas of special uses, contracting, and grants and agreements and conform to OMB guidance.

**Conclusion.** Offset of indirect costs is appropriate. Indirect costs are a customary charge in contracting and grants and agreements and should be eligible for offset under GT agreements.

The following guidance applies to reimbursement of actual costs to commercial entities holding GT permits. The guidance (enclosed) is excerpted from FAR Part 31 and 48 CFR Part 9904 but has been tailored to address GT agreements. A simplified process for small concessions is included at the end of the document. Cost principles for non-profit entities and state or local governmental entities are not addressed. The guidance does not address the reimbursement of agency indirect costs. When the Forest Service performs the work, agency indirect costs will be assessed in accordance with FSH 1509.11, Chapter 33 and indirect cost rates established nationally (e.g., the FY2002 rate is 18 percent).

**Implementation.**

Before the holder's indirect costs may be offset under a GT agreement, the holder must submit its indirect cost rate and supporting documentation for approval. Determination of an indirect cost rate should comply with the Cost Accounting Standards (CAS) and this guidance. When claiming cost reimbursement, the holder must certify that costs claimed comply with this guidance. Indirect costs based on approved Indirect Cost Allocation Rates (ICAR) should be reimbursed starting with 2002 permit fees. This advice for reimbursement of indirect costs is not retroactive to prior year permit fees.

For New Permits: Applicants must disclose accounting procedures and historic indirect cost allocation rates in response to a prospectus.

For Existing Permits: Holders must submit their ICAR to the authorized officer. Because the ICAR will be the same for all permits held by a specific company, it is recommended that the regional external auditor review and approve the rate. Regional auditors should coordinate the review for companies operating in more than one region.

/S/ TAMARA L. HANAN

/S/ DAVID G. HOLLAND

DAVID G. HOLLAND  
Director, Recreation, Heritage,  
and Wilderness Resources  
cc: Carolyn Holbrook

TAMARA HANAN  
Director, Financial Policy  
and Analysis



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**Appendix 14: Granger-Thye Fee Offset Cert**

Authorization ID [redacted]

Contact ID [redacted]

Expiration Date [redacted]

**APPENDIX G  
Granger-Thye Fee Offset Claim Certification  
for**

**SPECIAL USE PERMIT**

**AUTHORITY: Section 7 of the Granger-Thye Act, 16 U.S.C. 580d  
<Reference FSH 2709.11, chapter 50>**

[redacted] **NATIONAL FOREST**

[redacted] **RANGER DISTRICT**

**PERMIT NUMBER** [redacted]

**Project Name** \_\_\_\_\_

**Holder's Fiscal Year**

**(FY)** \_\_\_\_\_

Total allowable costs may be offset under a Granger-Thye (GT) fee offset agreement to the extent they do not exceed the total annual fee for this permit. Total allowable costs of a GT project included in this GT claim are the sum of the direct GT project costs and indirect costs allocable to this GT project. Costs submitted under this GT claim will be accepted to the extent they are reasonable, allocable, and determined to be allowable, in accordance with the terms of the permit, GT agreement, and agency policy.

**Direct GT Costs:** Provide claimed GT costs by cost element and attach schedules to show the cost breakdown by cost element. Provide supporting documentation for the cost claim.

**Indirect costs:** Indirect costs must be computed based on Forest Service-approved indirect cost rate and may be added to the total direct GT costs. Attach the approved indirect cost rate for FY [redacted].

Approval of the fee offset claim is subject to all provisions in the Annual Granger-Thye Fee Offset Agreement (FS-2700-4h, Appendix B) executed by the U.S. Department of Agriculture, Forest Service, [redacted] National Forest, and [holder name] on [date of GT fee offset agreement].

**DIRECT GT COSTS**

Salaries and Wages \$ [redacted]

Materials and Supplies \$ [redacted]

Subcontracts \$ [redacted]

Other (specify) \$ [redacted]

Sum of Direct GT Costs \$ [redacted]

INDIRECT COSTS ([redacted]% x Direct GT costs) \$ [redacted]

TOTAL GT COST CLAIM FOR PROJECT \$ [redacted]

Subject to the penalties prescribed in the False Statements Act, 18 U.S.C. 1001, the holder certifies to the best of its knowledge that the representations in the documents supporting its claim for fee offset are accurate and complete. The Forest Service reserves the right not to grant the fee offset claim if any of these representations is inaccurate or incomplete. Failure to sign the certification shall vitiate the fee offset claim.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Certifying Official

---

Title of Certifying Official

### **Burden Statement**

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0082. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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**Appendix 15: Sample Collection Agreement for GT**

Collection Agreement  
between  
<Name of Holder>  
and  
Stanislaus National Forest

Agreement Number: \_\_\_\_\_

Cooperator Tax ID #: \_\_\_\_\_

THIS COLLECTION AGREEMENT is made by (name of holder) and the U.S. Department of Agriculture, Forest Service, \_\_\_\_\_ National Forest (the FS), under Section 5 of the Granger-Thye Act, 16 U.S.C. 572.

WHEREAS, the holder operates a FS campground (or campgrounds) under a special-use permit dated \_\_\_\_;

WHEREAS (SELECT EITHER #1 OR #2) 1) THE HOLDER HAS A REQUESTED THE FS TO PERFORM AND THE FS IS WILLING TO PERFORM UNDER A COLLECTION AGREEMENT OR 2) THE FS IS REQUIRING THAT IT PERFORM UNDER A COLLECTION AGREEMENT, the following projects listed in the fee offset agreement: (List all agreed to and approved projects);

WHEREAS, the cost of those projects may be used to offset the permit fee in accordance with the fee offset agreement;

THEREFORE, in consideration of the above, the parties agree as follows:

**A. The holder shall:**

1. Make advance payments, in accordance with the permit, in amounts sufficient to cover the total cost of performing the Government maintenance and reconditioning work listed in this agreement, including overhead as determined by the FS up to \_\_\_\_ percent of project costs.
2. Pursuant to the Debt Collection Improvement Act of 1996, as amended by P.L. 104-134, furnish their tax identification number upon execution of this instrument. Cooperator also agrees that notice of the FS's intent to use such number for purposes of collecting and reporting on any delinquent amounts arising out of such person's relationship with the Government, has hereby been given.

**B. The FS shall:**

1. Deposit payments received from the holder under this agreement into the FS cooperative work fund.

2. Upon receipt of payment from the holder, perform the Government maintenance and reconditioning projects listed in this agreement.
3. Contributions authorized for use by the FS, which are not spent or obligated for project(s) approved under this instrument, will be refunded to the cooperator authorized for use for new projects by the cooperative.

**C. It is mutually agreed that:**

1. No member of or delegate to Congress or resident commissioner shall receive any benefit that may arise from this agreement; provided, that this provision shall not apply to this agreement if it is made with a corporation for its general benefit.
2. This agreement in no way restricts the FS or the holder from participating in similar activities with other public or private agencies, organizations, or individuals.
3. Any holder contributions made under this agreement do not directly or indirectly convey FS endorsement of the holder's products or activities.
4. Modification of this agreement shall be made by in writing mutual consent of the parties and shall be signed and dated by both parties. The FS is not obligated to fund any modifications that are not made in accordance with this clause.
5. Either party(s), in writing, may terminate the instrument in whole, or in part, at any time before the date of expiration. The FS shall not incur any new obligations for the terminated portion of the instrument after the effective date and shall cancel as many obligations as is possible. Full credit shall be allowed for FS expenses and all non-cancelable obligations properly incurred up to the effective date of termination.
6. Unless terminated by written notice, this agreement shall remain in effect until the end of the initial permit term. If the permit term is extended, this agreement may be extended in writing for the same period as the permit term.
7. Per 16 U.S.C. 572, the United States shall not be liable to the holder or the holder's heirs, assigns, agents, employees, contractors, or lessees for any loss, personal injury, or death occurring in connection with performance of work under this agreement, and the holder on behalf of itself and its heirs, assigns, agents, employees, contractors, and lessees hereby waives any and all claims against the United States for compensation for any loss, personal injury, or death occurring in connection with performance of work under this agreement.

In witness where IN WITNESS WHEREOF, the parties have executed this agreement as of the last date written below.

---

Date

---

[TITLE]

for [HOLDER NAME]

\_\_\_\_\_  
Date

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
National Forest



## **Prospectus for Campground and Related Granger-Thye Concessions**

### **Stanislaus National Forest**

**U.S. DEPARTMENT OF AGRICULTURE  
Forest Service**

### **Appendix 16: Sample Business Plan**

**Business Plan Sample**

# **For Campground Concessions**

**A Proposal in Response to the Campground Prospectus for:**

Stanislaus National Forest

Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

Company contact: \_\_\_\_\_

Phone: \_\_\_\_\_

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## Part 1: The Business

### 1. Purpose and Goals:

- A. What is your purpose in pursuing this business?
- B. Define your business goals for the next year and what you foresee five years from now:

### 2. Description of the Business:

This section should describe the nature and purpose of the company, background on your industry, and what opportunities you see for your services.

- A. Brief description of the business:
- B. Briefly describe your knowledge of this industry:
- C. List the products and services you will provide:

### 3. Legal Structure:

There are several ways in which your business can be legally organized.

- A. How your company is legally organized? (Check appropriate box).
  - Sole Proprietorship
  - General Partnership
  - Corporation "C" Corp or "S" Corp Limited Partnership
  - Limited Liability Company (LLC)
  - Other
- B. Why is this legal organization most appropriate for your business?
- C. Does your operation require a state registration number? YES. NO.

(If “Yes”, include a copy of the registration in the Supporting Documents.)

Include any appropriate information, including shareholder or partnership agreements, in the Supporting Documents, and complete the following list of owners:

**Table 1. List of owners**

Name	Address	Social Security Number (SSN)	Percent Ownership

#### ***4. Location of Your Business:***

Describe the planned geographical location of the business and discuss the advantages and disadvantages of the site location in terms of wage rates, labor availability, closeness to customers or suppliers, access to transportation, state and local taxes, laws, and utilities.

Describe your approach to overcoming any problems associated with the location.

- A. Planned geographical location:
- B. Discuss advantages or disadvantages of the site location:
- C. Describe your approach to overcoming any problems:

#### ***5. Market and Customers:***

The purpose of this section is to present sufficient facts to convince the evaluation team that your service has a substantial market and can achieve success in the face of competition. Discuss who the customers are for your service. Where are the major purchasers for the service?

- A. Describe your anticipated target market (e.g., age, income, hobbies, regional, national, international):
- B. Describe the size of the current total market and potential annual growth:
- C. Discuss your advertising campaign in terms of how, when, and where you will advertise, and estimated annual cost:

#### ***6. Competitive Analysis:***

Make a realistic assessment of the strengths and weaknesses of your competitors. Compare the competing services on the basis of image, location, price, advertising, and other pertinent features. Discuss your key competitors and explain why you think that you can capture a share of their business. Discuss what makes you think it will be easy or difficult to compete with them.

- A. Identify your key competitors:
- B. Discuss their strengths and weaknesses.
- C. Compare your product or service on key areas. For each area of comparison rank yourself and your selected competitors on a scale of 1 (high) to 5 (low). Remember: no ties.

**Table 2. Competitive Analysis**

<b>Area of Comparison</b>	<b>You</b>	<b>Competitor A</b>	<b>Competitor B</b>	<b>Competitor C</b>	<b>Competitor D</b>
Image					
Location					
Price					
Advertising					
Service					
Uniqueness					
Other					

- D. Why do you think you can compete with your competitors and capture a share of the market?

### ***7. Management:***

The evaluation team is looking for a committed management team with the proper balance of technical, managerial, and business skills and experience which supports your proposal. Be sure to include complete resumes for each key management member in the Supporting Documents section.

(Use additional pages and attach as necessary)

- A. List owners and key management personnel and their primary duties. If any key individuals will not be onboard at the start of the venture, indicate when they will join the staff.
- B. Discuss any experience when the above people have worked together that indicates how their skills complement each other and result in an effective management team.
- C. List the advisors and consultants that you have selected for your venture. Capable, reputable, and well- known supporting organizations can not only provide significant direct and professional assistance, but also can add to the credibility of your venture.

Accountant \_\_\_\_\_

Attorney \_\_\_\_\_

Banker \_\_\_\_\_

Insurance Broker \_\_\_\_\_

Advertising \_\_\_\_\_

Others \_\_\_\_\_

### ***8. Personnel:***

Explain how you plan to recruit, develop, and maintain your workers. List the number of employees you will have, as well as their job titles and required skills. (Use additional pages as necessary)

- A. Identify essential employees, their job titles, and required skills:
- B. Identify the source and your plan to recruit essential employees:
- C. Discuss any training or retraining that you plan for your employees. Also, discuss any necessary first- aid certification or recertification, etc.:

## **Part II: Financial Data**

### ***1. Capital-Equipment List:***

Capital equipment is defined as assets which have useful lives of more than one year. Examples include machines, equipment, vehicles, livestock, tack, gear, and computers. Describe the



Item	Cost
<b>Total Start-Up Expenses</b>	<b>\$</b>

### 3. Sources and Uses of Financing:

#### A. Sources of Financing:

**Table 5. Sources of Financing**

Item	Cost
Investment of cash by owners	
Investment of cash by shareholders	
Investment of non-cash assets by owners	
Investment of non-cash assets by shareholders	
Bank loans to business: short term (one year or less)	
Bank loans to business: long term (more than one year)	
Bank loans secured by personal assets	
Small Business Administration loans	
Other sources of financing (specify)	
<b>Total Sources of Financing</b>	<b>\$</b>

#### B. Uses of Financing

**Table 6. Uses of Financing**

Item	Cost
Buildings	
Equipment	
Initial inventory	
Working capital to pay operation expenses	
Noncash assets contributed by owners (use same amount as in Sources, above)	
Other assets (specify)	
<b>Total Uses of Financing</b>	<b>\$</b>

#### C. Monthly Cash Flow Projection:

The cash flow projection is the most important financial planning tool available to you. The cash flow projection attempts to budget the cash needs of a business and shows how cash will flow in and out of the business over a stated period of time. A cash flow deals only with actual cash transactions. Depreciation, a noncash expense, does not appear on a cash flow. Loan repayments (including interest), on the other hand, do, since they represent a cash disbursement.

**NOTE: The Cash Flow Projection chart on the following page is required to be completed and submitted in the existing format.**





D. Start-Up Balance Sheet:

Balance sheets are designed to show how the assets, liabilities, and net worth of a company are distributed at a given point in time.

**NOTE:** The following Start-up Balance Sheet is required to be completed and submitted in the existing format.

**Table 8. Start-Up Balance Sheet**

Item	Cost
<b>Assets:</b>	
Current Assets	\$
Fixed Assets	\$
Less Accumulated Depreciation	\$
Net Fixed Assets	\$
Other Assets	\$
Total Assets	\$
<i>Footnotes:</i>	
<b>Liabilities:</b>	
Current Liabilities	\$
Long-Term Liabilities	\$
Total Liabilities	\$
Net Worth or Owner's Equity (Total assets minus total Liabilities)	\$
Total Liabilities and Net Worth	
<i>Footnotes:</i>	

E. Start-Up Income Statement Projection:

Income Statements (also called Profit and Loss Statements) complement balance sheets. The income statement provides a moving picture of the company during a particular period of time. For most businesses (and for most bankers), income projections covering one to three years are more than adequate.

If you are in a start-up situation, look for financial-statement information and income ratios for businesses similar to yours. The Robert Morris Associates' Annual Statement Studies and trade association publications are two possible sources.

**NOTE:** The following Income Projection Statement is required to be completed and submitted in the existing format.





## Part III: Historical Financial Reports for Existing Business

### *1. Each applicant is required to submit all four items listed below.*

1. Balance sheet (past three years)
2. Income statement (past three years)
3. Tax returns (past three years)
4. Current credit report from major credit bureau

## Part IV: Supporting Documents

### *1. Each applicant is required to submit all five items listed below.*

1. Personal resumes of business owners, officers, and partners
2. Personal financial statements of business owners, officers, and partners
3. Bank or investor letters of intent to finance project
4. Copies of business leases pertinent to this business
5. Copies of all pertinent existing permits or licenses applicable to this business (Submit only the face pages of all current concession permits)

## Part V: Appendices

### *Legal Organization:*

The more popular legal organizations and their reasons are outlined below

### **1. Sole Proprietorship**

A sole proprietorship is a business owned by one person. This form of business is regulated by the state only in that some states requires you to register your trade name to do business as a sole proprietor. You do not have to register with the state if you are operating your business under your own full legal name. (Note: You must be licensed where required, and pay all appropriate taxes.)

#### Advantages:

- Simple to start.
- Easy to dissolve.
- Owner makes all management decisions.
- Pay only personal income tax; business entity not taxed separately.

#### Disadvantages:

- Unlimited liability (owner legally liable for all debts, claims and judgments). Difficulty in raising additional funds.
- No one to share the management burden.
- Impermanence (company can't be sold or passed on; however, you may sell or pass on assets of the company).

### **2. General Partnership:**

A partnership is an association of two or more persons to carry on as co-owners of a business for profit. Some states require that you register your name if it is a trade name (not your full legal name). You must file state and



Federal "information returns," but business income and losses flow through to the partners' personal taxes. The business pays no separate income taxes. Partners may share the profits of the business (and the losses) on an equal basis, or may pro rate the proceeds as set forth in a Partnership Agreement. Whichever way you determine to share in the business, you need to have a written Partnership Agreement outlining the ownership, responsibilities, and eventualities of dissolution or liquidation for the business.

#### Advantages:

- Simple to start.
- Fairly easy to dissolve.
- Additional sources of capital from partners. Broader management base.
- More opportunity for each partner to specialize. Tax advantages: no separate income tax.
- Limited outside regulation, compared to a corporation.

#### Disadvantages:

- Unlimited financial liability for all general partners (some partners' personal debts can even be charged to the business).
- Difficulty in raising outside capital. Divided authority.
- Continuity problems (business dies when any partner leaves or dies, unless succession has previously been spelled out in a Partnership Agreement. Partnership terminates in the event of a personal bankruptcy on the part of any partner).
- Difficult to find suitable (compatible) partners.
- One partner may be responsible for the actions of another partner, regardless of whether that partner had prior approval.

### 3. Corporation:

There are two types of corporations generally recognized today: a regular "C" corporation, organized under the laws of the state in which you do business; and an "S" Corporation, so designated by the IRS and not necessarily recognized by your state.

A corporation is a business entity separate and distinct from its owner(s) or shareholder(s). You must file incorporation papers with the state of your choice. The corporation must file annual reports with the Secretary of State, and may have to file separate quarterly income tax returns. The corporation exists forever, can be bought and sold, and is regulated by the state.

#### "C" Corporation Advantages:

- Limited liability (as long as you act like a corporation which means having a separate checking account and phone number, paying interest on any borrowed money, keeping up a corporate record book, filing annual reports, meeting with your Board of Directors at least annually, etc.).
- Easier to bring in additional capital. Ownership is transferable.
- Company has continuous, perpetual existence.
- Possible tax advantages (seek adequate advice from a tax professional).
- Gives you more sense of permanence, thus more "weight," in the business world.

#### "C" Corporation Disadvantages:

- More expensive to organize. Highly regulated.
- Extensive record-keeping requirements.

- Double taxation (corporation pays its own income taxes; if you pay yourself a salary or a dividend, you also pay personal income taxes).
- Shareholders/Board of Directors may counter your management decisions.

### "S" Corporation Advantages

- Filing a Subchapter Selection with the Internal Revenue Service allows you to be taxed on your corporate profits through your personal tax return.
- You still maintain the limited liability of a corporation.
- If you have additional personal income against which to deduct company losses, or if your personal tax rate is lower than the corporate tax rate, this form may be advantageous for you. Again, please seek professional tax advice to make this determination.

### "S" Corporation Disadvantages

- There are some restrictions on "S" corporations, mainly in how you can sell your shares. You can have a maximum of 35 shareholders, all of whom must be U.S. citizens, and be individuals (not corporations).
- You must request permission from the IRS to be an "S" corporation, and generally, must maintain the calendar year as your fiscal year.

## 4. Limited Partnership

In a Limited Partnership, there are two kinds of partners: general partners, who carry full liability; and limited partners, who carry limited liability. Limited partners must make known, through filing with the Secretary of state that they indeed are limited partners, and they may not participate in the day-to-day management of the business. Again, as in the "S" Corporation, profits from Limited Partnerships are taxed through each partner's personal tax return. Limited partnerships are popular in industries where a great deal of "up-front" money is needed for projects that are expected to produce a high return, such as in real estate, energy, movie production, and sports teams.

## 5. Limited Liability Company (LLC)

While wearing the corporate form, essentially, an "LLC" is similar to a Limited Partnership, except the general partner also carries limited liability. Profits are taxed through individual owners' personal tax returns. The advantage of this form over an "S" Corporation is that other corporations may be owners, and the "LLC" may also hold 100% ownership in subsidiary companies.

Be aware that LLC is a relatively new business form. Legal precedents have not been set to outline clearly all the legal and tax ramifications of this form of organization. If interested in becoming an "LLC" you are strongly urged to seek competent, professional legal and tax advice.