

**THANKS FOR  
JOINING US TODAY!**

**Great Falls APEX ACCELERATOR**  
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# Understanding Your Entity Structure to be Successful in Government Contracting



GREAT FALLS REGIONAL SMALL BUSINESS DEVELOPMENT CENTER

*Counties Served: Cascade, Fergus, Glacier, Judith Basin, Pondera, Teton, Toole*

Presented by Rich Gannon  
Montana SBDC Business Advisor  
Great Falls Development Alliance

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The APEX Accelerator is funded in part through a cooperative agreement with the Department of Defense



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**Great APEX Host:**



**MONTANA**

**ECONOMIC DEVELOPMENT CDFI**

MEET THE GFDA TEAM:  
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# MONTANA APEX ACCELERATOR

## CLICK HERE!

Each Year Government Agencies Purchase  
Millions From Montana Companies.

APEX Accelerators can show your business how to connect with the government  
customer.



**Why Government  
Procurement?**



**How Can  
Montana APEX Help?**



**Upcoming Events  
& Training**



**Get Started Today!**

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## Great Falls APEX Accelerator Services

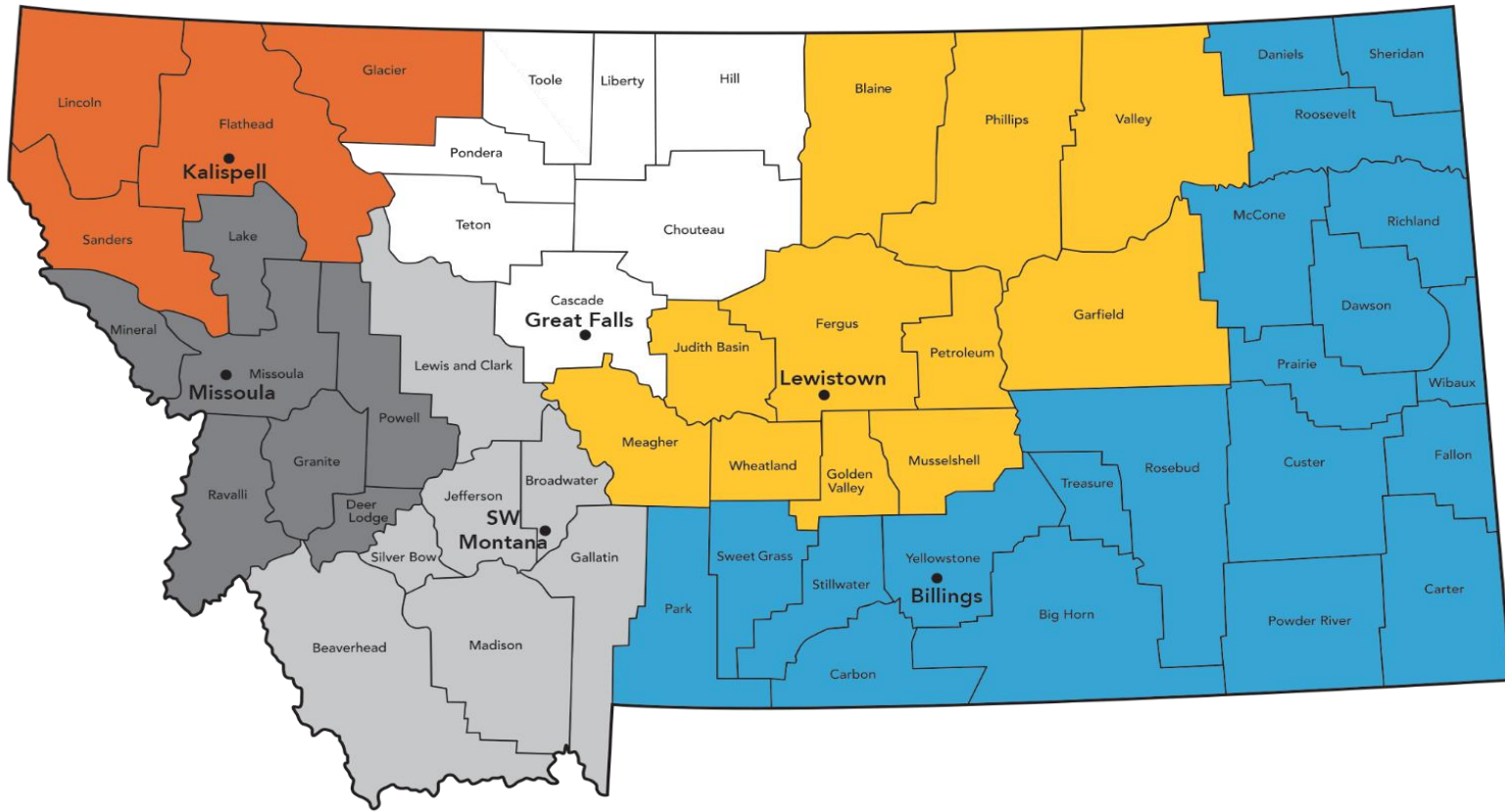
- Market Research
- Opportunity Identification
- Bid/Proposal Review
- Federal Acquisition Regulation (FAR)
- Code of Federal Regulation (CFR)
- Networking and business development
- Networking Events
- Vendor Registrations
- Small Business Certifications
- Cybersecurity in Federal Contracts
- Contract performance requirements
- Submitting invoices and other post-award support

Take Action! Move Beyond SAM Series  
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# Montana APEX Accelerator Locations

THE APEX TEAM [CLICK HERE!](#)



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# Understanding Business Entity Structures

Presented by Rich Gannon  
Montana SBDC Business Advisor  
Great Falls Development Alliance



*Funded in part through a Cooperative Agreement with the U.S. Small Business Administration.*

## What is the MT SBDC

Our mission is to provide tools and guidance to help small businesses succeed.

- <https://sbdc.mt.gov/>



Disclaimer!

I am not an accountant or attorney!

When considering forming a legal entity for a business please consult an accountant or an attorney to find the best fit for you!

## Why Entity Structure Matters

- Determines liability exposure
- Impacts taxation
- Affects operational control and funding potential
- Aligns with your business goals and growth plans

## Sole Proprietorship

- Simplest and most common for small businesses
- No legal distinction between owner and business
- Unlimited personal liability for business debts and obligations
- Easy to set up with minimal paperwork and regulatory requirements
- Profits are taxed as personal income on the owner's tax return

## Partnership

- A partnership is a business owned by two or more people who agree to share in the profits, losses, and management of the business.
- General partnerships: Equal responsibility, unlimited personal liability
- Limited partnerships: General partners (unlimited liability), limited partners (limited liability)
- Limited liability partnerships (LLPs): Liability protection for all partners
- Profits and losses are passed through to partners' individual tax returns

## Partnership Paperwork

- Create a formal written partnership agreement that spells out in detail (among other things)
  - Responsibilities of each partner
  - How profits (or losses) will be shared
  - Ownership percentages
  - What circumstances your partnership can be dissolve
- A partnership agreement should address uncomfortable issues before they happen - it should address “The Ds” (death, divorce, disinterest, drug use)
- [How to Write a Partnership Agreement](#)
- [Statement of Partnership Authority](#) – details ownership and authorized partners.

## Limited Liability Company (LLC)

- Hybrid structure combining aspects of corporations and partnerships
- Provides liability protection, separating owners' personal assets from business assets
- Profits and losses are passed through to owners and taxed on individual returns
- Relatively easy to form but more complex than sole proprietorships

## Limited Liability Paperwork

- An operational agreement is not required in MT, but it is advisable.
- Internal document that establishes how your LLC will be run. It sets out the rights and responsibilities of the members and managers, including how the LLC will be managed, it also notes *ownership percentages*
- [More information and downloadable template](#)

## Corporation

- Separate legal entity from its owners, providing strong liability protection
- Two types, S Corp (100 or fewer share holders), C Corp unlimited share holders.
- C Corps are taxed on profits, and shareholders are taxed on dividends (double taxation)
- S corps avoid double taxation by passing corporate income through to shareholders
- More complex structure with extensive record-keeping and operational requirements
- Suitable for medium to high-risk businesses, raising capital, and going public



## Corporation Paperwork

- **Articles of Incorporation:**

This is the primary document that officially establishes the corporation. It includes basic information such as the corporation's name, address, purpose, number of authorized shares, and the names of the incorporators. This document must be filed with the appropriate state agency, usually the Secretary of State's office.

- **Corporate Bylaws:**

The bylaws serve as the internal rules and regulations for the corporation. They outline the corporation's operating procedures, including details on shareholders' meetings, the board of directors, officers, and other governance matters.

- **Stock**

If the corporation issues stock, physical or electronic share certificates must be prepared to represent ownership in the company.

- **Organizational Meeting Minutes:**

Minutes must be kept to document the organizational meeting where the initial directors are elected, bylaws are adopted, and other foundational decisions are made.

Structure	Ownership	Liability	Taxes	Paperwork
Sole Proprietorship	Single Person	Unlimited Personal Liability	Owner reports profit or loss on his or her personal tax return	No formal paperwork required
Partnership	Two or more	Unlimited personal liability unless structured as a limited partnership	Owner (partners) reports profit or loss on his or her personal tax returns.	Formal partnership agreement state filing and statement of partnership authority
Limited Liability Company (LLC)	One or more	Owners (members) are not personally liable	Owner (members) reports profit or loss on his or her personal tax returns.	State filing and recommend operational agreement
S-Corp	Less than 100	Owners are not personally liable	Business tax passed through to share holders	Many formal requirements
C- Corp	Can be over 100	Owners are not personally liable	Corporate income tax is paid first at the corporate level and again at the individual level on dividends.	Many formal requirements

## Where to File?

Montana Secretary of State to File legal entity

<https://biz.sosmt.gov/forms/business>

Apply for EIN

1. After you apply for and get your legal entity registration
2. Make sure your legal entity name matches your EIN application (Spelling, spacing, punctuation!)

<https://sa.www4.irs.gov/modiein/individual/legal-structure.jsp>

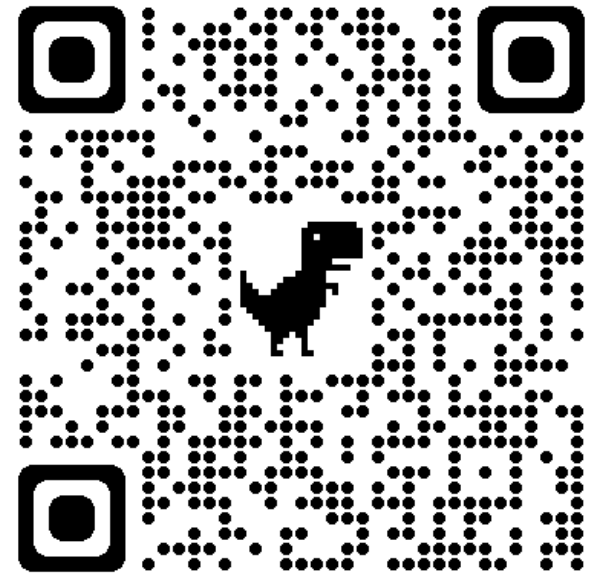
## Connect with the Montana Small Business Development Center

Please contact me with any questions or comments

Rich Gannon

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406-836-2078



<https://sbdc.mt.gov/>

