**Forming an Entity – Creating the “Corporate Book”**

While you can operate as a sole proprietorship or a general partnership without filing anything with the Minnesota Secretary of State, most business owners generally elect to create a corporation or a limited liability company (LLC) in order take advantage of the limited liability shield that each offers. It generally is inexpensive to do so ($155 filing fee with the Minnesota Secretary of State) and, if corporate formalities are observed, can protect your personal assets (as opposed to your corporate assets) from liability. However, if the corporation or LLC is not properly formed, or corporate formalities are not properly observed, the liability shield may still be pierced and your personal assets may be at risk.

Generally speaking, your formation documents comprise your “Corporate Book,” which likely will be requested at one point or another by your bank, your accountant, co-owner or investor, or a potential buyer of your business, among others.

The typical legal documents in the Corporate Book are listed below. These documents establish the basic governance structure of an entity, establishes a board, officers and ownership interests:

1. Articles of Incorporation (or Articles of Organization if LLC).
2. Certificate of Incorporation (or Certificate of Organization if LLC).
3. Written resignation of Incorporator (or Organizer, if LLC).
4. First Written Action of Board of Directors (or Board of Governors if LLC)
5. By-Laws (or Operating Agreement if LLC)
6. Subscription Agreement (Contribution Agreement if LLC)
7. Shareholder Register (Member Register if LLC)
8. Statement summarizing Board Members, Shareholders (Members if LLC), and Officers
9. Ongoing corporate minutes and Board or Owner Actions after formation.
10. Federal Employer Identification Number (Tax I.D.)

Done correctly, you have all of your needed formation documents in one place and you can focus on operating your business. Done incorrectly, you may run into scenarios that create friction due to uncertainty as to roles and responsibilities or, in significant circumstances, situations where one thinks he or she may be a business owner when in reality they are not.