

Top Formation Issues & Proper Ways to Structure Your Startup



Agenda



- **Key Formation Issues**
- **Structuring Your Company**
- **Brief summary of the different types of financings and convertible notes**
- **Major Mistakes**

Choice of Entity



- **C Corporation**
- **S Corporation**
- **LLC**
- **Limited Partnership**

Company Corporate Structure



- **Keep it Simple**
- **Avoid Parent/Sub Structures**
- **What about offshore employees and developers from a corporate perspective?**

Choice of Jurisdiction



- Delaware
- California
- Nevada
- Offshore??

Structuring Your Initial Capitalization



- **Basic Terms:**
 - Authorized Stock
 - Issued Stock
 - Issuable Stock
 - Warrants
 - Options
- **Standard VC Back Capitalization**
 - 10,000,000 authorized
 - 5,000,000 to Founder Group
 - 500,000 to 1,000,000 shares to incentive plan (10% to 30%)

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