



Start Right: Business Formation and Setup

The Foundations Course of the Crown Revenue Academy Business School

"Let all things be done decently and in order." 1 Corinthians 14:40

Welcome

If you are starting a business, this is the class to begin with. Before the first sale, before the logo, before the website, there is a quiet, unglamorous step that most people rush or skip: setting your business up the right way. It is not exciting, but it is foundational, and getting it right protects everything you build on top of it.

This course walks you through it in plain English: the types of business structures, which one fits your business and your season, why every state is different, and everything else you need to legally start, your tax ID, licenses, permits, and more. We keep it simple enough for a first-time founder and thorough enough to actually rely on. And we build it on a biblical foundation, because the God we serve is a God of order, and He calls us to count the cost and build wisely.

Who this is for: Anyone starting a business, side hustle, ministry, or practice who wants to set it up correctly and with confidence. No experience required.

A word of honesty up front (please read). This is a free educational course, not legal or tax advice. Business and tax laws differ from state to state and change over time. Before you form an entity or file anything, confirm the current rules for your state and your situation, and where the stakes are real, sit down with a licensed attorney and a CPA. We cite reputable sources throughout so you can verify everything yourself and go deeper.

Module 1: Decently and In Order (Why Structure Matters)

Anchor Scripture: 1 Corinthians 14:40; 1 Corinthians 14:33; Luke 14:28.

Paul wrote to a chaotic church and gave them a principle that reaches far beyond the church walls: "Let all things be done decently and in order." A few verses earlier he explains why: "God is not the author of confusion, but of peace" (1 Corinthians 14:33). Order is not a burden God places on us, it reflects His own nature. When you set your business up properly, with clean structure and clear records, you are working the way your Maker works.

Jesus made the same point in business terms. "For which of you, intending to build a tower, sitteth not down first, and counteth the cost, whether he have sufficient to finish it?" (Luke 14:28). Setting up your business right is counting the cost before you build. It is the sit-down-first step. And it matters for three very practical reasons.

First, protection. The right structure can put a legal wall between your business and your personal life, so a business problem does not become a threat to your home, your savings, and your family.

Second, credibility and clean books. A properly formed business with its own tax ID and bank account looks legitimate to banks, customers, and partners, and it keeps your money and records honest and separate. That is the difference between a hobby and a business.

Third, peace. When your foundation is in order, you are free to focus on serving people and growing, instead of worrying about what you skipped. “Through wisdom is an house builded; and by understanding it is established” (Proverbs 24:3).

The goal of this course is simple: help you build your house on the rock (Matthew 7:24 to 25), so that when the storms come, and in business they always come, what you built stands.

Module 2: The Business Structures, Explained

Anchor Scripture: Proverbs 21:5, “The thoughts of the diligent tend only to plenteousness.”

There are a handful of main ways to legally structure a business in the United States. The SBA and IRS recognize five core types, plus the nonprofit. Here is each one in plain language: what it is, whether it protects you, how it is taxed, and what it takes to run.

1. Sole Proprietorship. This is the default. If you start doing business by yourself and file nothing, you are a sole proprietor. It is the simplest and cheapest to start, with the least paperwork, and you report the income on your personal tax return. The catch is the big one: there is no legal separation between you and the business. If the business is sued or owes money, your personal assets are on the line. Best for very low-risk activities and testing an idea before you formalize.

2. Partnership (General, Limited LP, or Limited Liability LLP). The simplest way for two or more people to own a business together. A general partnership is easy to form but, like a sole proprietorship, exposes the partners personally. Limited partnerships (LP) and limited liability partnerships (LLP) add some protection and are common for professional groups such as attorneys, doctors, and accountants. Any partnership should have a written partnership agreement, because a handshake is where friendships and businesses go to die.

3. Limited Liability Company (LLC). For most small businesses, this is the workhorse. An LLC combines the liability protection of a corporation with the simple, pass-through taxation of a partnership. In most cases it shields your personal assets from business debts and lawsuits, while the profits and losses pass through to your personal tax return without a separate corporate tax. It is flexible, respected, and not overly complex. This is the structure most new small businesses that want real protection should look at first.

4. S Corporation (a tax election, not a separate entity). An S corp is not really a different kind of company, it is a tax status. An LLC or a corporation can elect to be taxed as an S corp by filing IRS Form 2553. The reason people do it is tax savings. Normally, a self-employed owner pays 15.3 percent self-employment tax (Social Security and Medicare) on all net profit. With an S corp election, you pay yourself a reasonable salary (which is subject to that tax) and take the rest of the profit as distributions (which are not). On real profit, that can save thousands. The trade-offs: you must run payroll and pay yourself a genuinely reasonable salary (the IRS will challenge a salary set artificially low), and there is more bookkeeping. It usually becomes worth it once your business is netting consistent profit, often cited around the sixty thousand dollars a year range and up. Talk to a CPA about your numbers.

5. C Corporation. A C corp is a fully separate legal and tax entity. It pays its own corporate income tax on profits, and it requires the most formality: a board, bylaws, minutes, and extensive records. Most small businesses do not need one. But if you plan to raise money from venture capital investors, issue stock, or grow into a large company that may go public, the C corp (often formed in Delaware) is the standard, because investors expect it.

6. Nonprofit or Church (for ministries). If you are forming a ministry or charity rather than a for-profit business, you form a nonprofit. Most file for 501(c)(3) recognition. Churches are a special case: under IRC Section 508(c)(1)(A), a church is automatically tax-exempt and is not required to apply for a determination letter to be exempt, though many still do to unlock grants and other benefits. (This is Crown Revenue's own path, and we teach it in our founding materials.)

The one-line summary. Sole proprietor and general partnership are simple but expose you personally. The LLC gives most small businesses protection plus simple taxes. The S corp is a tax election that saves money once you are profitable. The C corp is for raising serious capital. The nonprofit is for ministry.

Module 3: Which Structure Fits You, By Business and By Season

Anchor Scripture: Ecclesiastes 3:1, "To every thing there is a season"; Luke 16:10, "faithful in that which is least."

There is no single "best" structure. The right answer depends on two things: what kind of business you are running, and what season you are in. A wise founder matches the structure to the moment, and changes it as the business grows.

By season of business:

- **Just testing an idea, a small side hustle, very low risk.** A sole proprietorship keeps it simple and cheap while you find out if this is real. Just know you are personally exposed, so keep the risk genuinely low, and do not sign big contracts or take on debt in this stage.
- **A real business you are committed to, with any meaningful risk.** Form an LLC. The moment you have customers, contracts, employees, physical products, a location, or anything that could lead to a lawsuit or debt, you want that legal wall between the business and your personal life. For most people reading this, the LLC is the answer.
- **Profitable and growing (consistent net profit).** Keep your LLC, but talk to a CPA about electing S corp tax status to cut your self-employment tax. This is a season shift: same company, smarter taxes.
- **Raising outside capital or scaling toward something big.** If you are courting venture investors or planning to issue stock, move toward a C corporation, usually in Delaware, because that is what investors require.

By type of business:

- **Solo service provider or freelancer** (consultant, coach, designer, trades): start as an LLC for protection, elect S corp status once profitable.

- **Two or more partners:** an LLC with a clear operating agreement, or a partnership with a written partnership agreement. Put the ownership split, roles, money, and exit terms in writing before you start.
- **Licensed professionals** (law, medicine, accounting): often a PLLC or LLP, depending on your state and profession's rules.
- **Product or retail business, or anything with employees, inventory, or a storefront:** an LLC at minimum, for the liability protection.
- **High-growth startup seeking investors:** C corporation.
- **Ministry, church, or charity:** nonprofit, or for a church, the 508(c)(1)(A) path.

Remember: your structure is not permanent. Many founders start as a sole proprietor, become an LLC when it gets real, and add an S corp election when profit grows. Faithfulness in the small season prepares you for the larger one (Luke 16:10). Start where you are, and step up as you grow.

Module 4: Every State Is Different

Anchor Scripture: Proverbs 25:2, "It is the glory of God to conceal a thing: but the honour of kings is to search out a matter."

Here is something no one tells beginners clearly enough: business formation is done at the state level, and the rules, costs, and taxes are genuinely different in every state. A YouTube video made for someone in Texas can lead a person in California to a five-hundred-dollar surprise. So the honour, as Proverbs says, is in searching out the matter for your own state.

You form your LLC or corporation by filing with your state's business office, usually the Secretary of State. (In Nevada, for example, it is done through the SilverFlume portal.) Here is what varies from state to state, and what to check for yours:

- **Filing fees.** Forming an LLC can cost anywhere from around fifty dollars to several hundred, depending on the state.
- **Annual or franchise taxes.** This is the big one people miss. Some states charge an ongoing fee just to keep your entity alive. California, for instance, charges an eight-hundred-dollar minimum franchise tax on LLCs and corporations every year. Other states, like Nevada, Wyoming, and Texas, have no state income tax and are known as business-friendly. Know your state's ongoing cost before you file.
- **Annual reports.** Most states require you to file a yearly (or biennial) report, often with a fee, to stay in good standing.
- **Registered agent.** LLCs and corporations must name a registered agent with a physical address in the state to receive legal mail. You can often be your own, or hire a service.
- **Publication requirements.** A few states (such as New York, Arizona, and Nebraska) require you to publish notice of your new business in a newspaper, which adds cost and steps.
- **Where to form.** Most small businesses should simply form in the state where they actually operate. The popular idea of forming in Delaware or Wyoming to save money usually backfires for a local business, because you then have to register as a "foreign" company in your home state anyway and pay in both.

Your action step: search "[your state] Secretary of State business formation" and read the official state page. Note the filing fee, the annual report requirement, and any franchise or annual tax. That five minutes can save you hundreds of dollars and a lot of confusion.

Module 5: The Startup Checklist (Beyond the Entity)

Anchor Scripture: Romans 13:7, "Render therefore to all their dues"; Habakkuk 2:2, "Write the vision, and make it plain."

Forming the entity is step one. To actually operate legally and cleanly, here is the rest of the checklist. Render to the authorities what you owe (Romans 13:7), and keep it all written down and organized (Habakkuk 2:2).

1. Get your EIN (Employer Identification Number). This is your business's federal tax ID, like a Social Security number for your company. You need it to open a bank account, hire, and pay taxes. You get it directly from the IRS, for free, online, in minutes. Do not pay a third-party service for this, it is free at IRS.gov.

2. Register for state taxes and a sales tax permit if needed. If you sell taxable goods or certain services, most states require you to register with the state department of revenue and get a sales tax permit (also called a seller's permit) so you can collect and remit sales tax. This is separate from the IRS. You need one in each state where you have sales tax obligations.

3. Get the right business licenses and permits. This is where "it depends" really lives. Depending on your industry and location, you may need a general business license from your city or county, a state professional or occupational license, health or zoning permits, a home occupation permit if you work from home, and sometimes a federal license for regulated activities. Local governments set most of these, so check your city and county websites, and use the SBA's licenses-and-permits guide as your map.

4. File a DBA if you use a different name. If you operate under a name different from your legal entity name (a "doing business as" or fictitious name), most states or counties require you to register it.

5. Put your governing documents in writing. An LLC should have an operating agreement; a corporation should have bylaws. Even a single-member LLC benefits from an operating agreement, it strengthens your liability protection and prevents disputes.

6. Open a business bank account. Keep business and personal money completely separate. Mixing them ("commingling") can weaken your liability protection and turns bookkeeping and taxes into a nightmare. A dedicated account is the foundation of clean, honest records. (Crown Revenue has a full bank-account-opening guide if you want a checklist.)

7. Get insurance. General liability insurance, and any coverage specific to your trade, protects the business the way your entity protects your person. Do not skip it.

8. A note on federal beneficial ownership (BOI) reporting. You may have heard that new businesses must file a "Beneficial Ownership Information" report with FinCEN under the Corporate Transparency Act. Here is the current status, and it changed recently: as of an interim final rule issued March 26, 2025, companies formed in the United States and U.S. persons are exempt from the BOI reporting requirement. Only foreign companies registered to do business in the U.S. are now required to report. Because these rules have shifted more than once, confirm the current requirement at FinCEN.gov before assuming you do or do not need to file.

Keep a founding folder. Save every document in one organized place: your formation filing, EIN letter, operating agreement or bylaws, licenses, and permits. Banks, the IRS, and future partners will ask for these, and "decently and in order" means you can put your hand on any of them in a minute.

Module 6: Bank Accounts, Licenses, and Permits (A Closer Look)

Anchor Scripture: Romans 13:1 and 13:7, "Let every soul be subject unto the higher powers ... Render therefore to all their dues."

The startup checklist in Module 5 gave you the map. Two parts of it are worth a closer look, because this is where most new owners get tripped up: your business bank account, and the maze of licenses and permits.

Part A: Your Business Bank Account, Done Right

Opening a dedicated business bank account is not optional busywork, it is one of the most important protective steps you take. Here is why, and how to do it well.

Why it matters so much. When you formed an LLC or corporation, the law drew a line between you and your business. That line is what protects your home and savings if the business is ever sued. But if you run business money through your personal account, or pay personal bills from the business account (this is called "commingling"), you blur that line. In a lawsuit, a court can decide the separation was never real and "pierce the corporate veil," reaching your personal assets. A separate account is what keeps your protection real. It also keeps your books clean and honest, makes tax time far simpler, and makes your business look legitimate to banks, customers, and partners.

What you will need to open one. Requirements vary slightly by bank, but almost every bank asks for:

- Your **EIN confirmation letter** from the IRS.
- Your **formation documents** (articles of organization or incorporation, or for a church or nonprofit, your charter).
- Your **operating agreement** (LLC) or **bylaws** (corporation).
- A **government-issued photo ID** for each person who will sign on the account.
- Sometimes a **banking resolution** naming who is authorized to open and use the account.

Do this early and keep it clean. Open the account right after you get your EIN, before you take your first dollar. Compare monthly fees and minimums (many banks and credit unions offer low or no-fee small-business and nonprofit accounts). Consider requiring two signatures for larger withdrawals as a healthy control. And never, ever mix personal and business money. Clean separation is the foundation of "decently and in order."

Part B: Licenses and Permits, the Layered Map

Here is the truth no one says plainly enough: business licenses are **layered and local**. You may need permits from federal, state, county, and city authorities all at once, and the exact set depends entirely on your industry and your location. There is no universal list. But the process follows a clear path.

The five steps to getting licensed (a helpful framework from LegalZoom's licensing guide):

1. **Register your business** with your state (Secretary of State) and, where required, your city and county.
2. **Get your tax ID (EIN)** from the IRS.
3. **Research the permits you actually need** for your specific business and place. Your Secretary of State, your city and county offices, and your local Small Business Administration or Small Business Development Center are the places to ask.
4. **Prepare your documents:** the filing fee, your EIN, a description of the business, your founding documents, a list of authorized owners or managers, insurance information, and any professional certifications your field requires.
5. **Apply**, often to more than one agency, through their online portals or by mail.

The common baseline most businesses need:

- **General business license:** the basic right to operate in your city, county, or state. Apply through your Secretary of State, your state department of revenue, or your local city or county agency.
- **Sales tax permit (seller's permit):** required if you sell taxable goods (and in some states, services) so you can collect and remit sales tax. Apply through your state's Department of Revenue. States with no sales tax do not require one.

Location and land-use permits (usually from your city or county building or zoning office):

- **Zoning permit:** to operate in a given area. If your location is not zoned for your type of business, you may need a variance or conditional-use permit.
- **Home occupation permit:** if you run your business from home. Many home-based founders miss this one. Check your city and county rules.
- **Building or construction permit:** for any changes to your space.
- **Sign permit:** to put up business signage, often with size and placement rules.

Health and safety licenses (usually state, county, or city):

- **Health permits** for any business that prepares or handles food (restaurants, food trucks, caterers).
- **Fire department permits** for flammable materials or spaces where people gather; expect a fire inspection either way.
- **Environmental licenses** for anything that discharges into air or water.

Professional and occupational licenses. Many fields legally require you to be licensed or certified to practice, including medical care, real estate, tax and accounting services, insurance sales, cosmetology, law, auto repair, and the trades and construction. Check your state's licensing board for your profession.

Special state permits for regulated industries such as alcohol (a bar, restaurant, or retail liquor sale), firearms, lottery sales, and gaming. Note for our Nevada friends: in Nevada, casino and gaming licensing is unusually detailed, often requiring a permit for each individual game and activity, through the state gaming commission.

Special federal permits if your work is federally regulated, for example firearms and explosives (ATF), aviation (FAA), broadcasting (FCC), agriculture and animals (USDA), fish and wildlife, pharmaceuticals (FDA), investment advising (SEC), maritime transport, mining and drilling, nuclear energy, and commercial meat preparation.

Two things to remember. First, **costs and timelines vary widely**, from free to thousands of dollars, and from a few days to a few months, so start early. Second, **most permits expire and must be renewed every one to three years** (some health permits annually). Put renewals on your calendar. Staying current is not just about avoiding fines, it protects your reputation and keeps your service held to the highest standard.

Getting your licenses is more than red tape. For a believer, it is part of what Scripture calls rendering to the authorities what is owed and being subject to the governing powers (Romans 13:1, 13:7). We honor God by obeying the law openly and doing business in the light. And practically, proper licensing builds credibility, unlocks funding and partnership opportunities, and gives your customers confidence that you are the real thing.

Module 7: Build It on the Rock (Putting It in Order)

Anchor Scripture: Matthew 7:24 to 25; Proverbs 15:22, “in the multitude of counsellors they are established.”

You now understand more about business formation than most people ever learn. The last and wisest step is this: do not do it entirely alone. “Without counsel purposes are disappointed: but in the multitude of counsellors they are established” (Proverbs 15:22). The most successful, God-honoring founders are not the ones who knew everything, they are the ones who humbly got good counsel.

Here is your simple path forward:

1. **Decide your structure** based on your business and your season (Modules 2 and 3). For most, that is an LLC.
2. **Check your state’s specific rules and costs** on your Secretary of State website (Module 4).
3. **Form the entity, get your EIN, and work down the startup checklist** (Modules 1 and 5).
4. **Get wise counsel where it counts.** For anything with real money or risk, a short conversation with a CPA (for taxes) and an attorney (for structure and contracts) is worth far more than it costs. Free help is also available: the SBA and SCORE offer free mentoring to new business owners.
5. **Keep everything decently and in order**, in one folder, and revisit your structure as you grow.

That is how you build on the rock. When you set your foundation with wisdom, integrity, and order, you honor God, you protect what you are building, and you free yourself to do the real work: serving people and creating value that lasts.

Welcome to the Crown Revenue Academy. This was your foundation. From here, the courses teach you to build the business itself, God's design for work and value (Course 1), how to craft an offer people gladly pay for (Course 2), honest marketing and selling (Courses 3 and 4), money and stewardship (Course 5), leadership (Course 6), recurring revenue (Course 7), and how to scale (Course 8). Let us build something that lasts.

Let Crown Revenue Help You Set It Up

You do not have to figure all of this out alone. As part of our ministry, **Crown Revenue helps founders set their business up the right way**, choosing the structure, forming the entity, getting your EIN, and working through your startup checklist, so you can begin decently and in order.

Want a hand? We would be honored to help. If you would like us to walk alongside you or handle your setup for you, email info@crownrevenue.org and tell us a little about what you are building. This is a **nonprofit ministry service**, there is no set fee. We simply welcome a **donation if you are able to give one**, and if you are not, that is alright too. We are here to help you build.

"Bear ye one another's burdens, and so fulfil the law of Christ." Galatians 6:2

Sources and Where to Learn More

We cite reputable, primary sources so you can verify everything and go deeper. Confirm anything critical for your own state and situation.

- **U.S. Small Business Administration (SBA), Choose a business structure:** <https://www.sba.gov/business-guide/launch-your-business/choose-business-structure>
 - **SBA, 10 steps to start your business:** <https://www.sba.gov/business-guide/10-steps-start-your-business>
 - **SBA, Apply for licenses and permits:** <https://www.sba.gov/business-guide/launch-your-business/apply-licenses-permits>
 - **IRS, Business structures:** <https://www.irs.gov/businesses/small-businesses-self-employed/business-structures>
 - **IRS, Apply for an Employer Identification Number (EIN), free:** <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
 - **IRS, S corporations and Form 2553:** <https://www.irs.gov/businesses/small-businesses-self-employed/s-corporations>
 - **FinCEN, Beneficial Ownership Information (current status):** <https://www.fincen.gov/boi>
 - **SCORE, free small-business mentoring:** <https://www.score.org>
 - **LegalZoom, Starting a Business: A License and Permit Checklist (used for the licensing framework in Module 6):** <https://www.legalzoom.com/articles/starting-a-business-a-license-and-permit-checklist>
 - **Your state's business filing office:** search "[your state] Secretary of State business registration."
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