

**Focus Sheet**  
**Choice of Business Entity – Non-Tax Considerations**

- Group A:**    **Limited Partnerships:** Sosha, Chandler, Alexis, Shane  
**Group B:**    **General Partnerships:** Jake, Sierra, Ryan  
**Group C:**    **Limited Liability Companies:** Theodore, Nicole, Peter  
**Group D:**    **Corporations:** Alexzandra, Alan, Michael, Daniel

**A.    General Considerations**

With your group, prepare a summary of the benefits and detriments of forming a business entity using one of the above four formats. Consider the following matters in preparing your summary:

1.    State a general description of the fundamental characteristics of this type of entity (in a format that a generally sophisticated client would understand).
2.    Ease & cost of formation
3.    Ease & cost of maintaining the entity
4.    Type of ownership/equity interest (stock, membership, etc.) & nature of capital contribution (cash, services, property)
5.    Liability of investors
6.    Ease of acquiring new financing & adding post-formation investors
7.    Control and management of the entity
8.    Continuity of the entity
9.    Transfer of ownership/equity interests
10.   General tax considerations
11.   Miscellaneous pros & cons

- B.    Specific Considerations for Our Clients: Is this form of business entity appropriate for Ann, Bev & Carl? Would you recommend that they use this type of entity for the business they are contemplating?**

Carl: Active in management and day-to-day affairs  
,Contributing property & services

Ann: Passive investor  
,Contributing cash

Bev: Active in management but not day-to-day affairs  
,Contributing cash