In the Learning Activity “The Importance of Financial Management in Small Business” you learned about the different types of organizations that are available for you to choose for your business plan.

List at least two types of organizations listed in the text that you feel are most relevant to your venture and briefly describe each.

Sole proprietorship and LLC(Limited Liability Corporation)

Compare and contrast the advantages and disadvantages of these organization types as they relate to the finances of your business venture.

Sole proprietorship is represented by mostly family-based businesses in the US. This firm can use the money in any way, the owner may even transfer funds at any time to his personal account. Many times, this type of business dissolves when the owner passes on. If there is only one employee, the owner they can use their social security number as the tax ID other wise they will have to get an identification number from the IRS. In a sole proprietorship the owner is 100% liable. A sole proprietorship must be for profit.

An LLC can be for profit or non-profit. However, a church cannot be an LLC. An LLC can be Single of have a board, It must have a IRS Tax number and offers some protection in liability. One may choose to have the IRS view the LLC as an S Corporation for tax purposes, but it doesn’t have to file state articles of incorporation. It cost less to file article for an LLC than articles of incorporation in California, and fees for 501c3 are about half of a corporation. Unfortunately, most grant giving trusts or government grants usually deny grant applications from a single LLC.

Which type of organization type do you think you will choose for your business venture? Why?

Jeffery Morse Ministries(JMM) is already an LLC it was chosen do to the price different. Another reason is that JMM is not financially capable of paying wages at this time, however, the 501c3 non-profit status is a must.