

CFAES

EST. 1870

WE SUSTAIN LIFE

Business Formation & Building a Team of Advisors

January 10, 2026

Hannah Scott, JD



THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES

OSU South Centers

CFAES

<https://southcenters.osu.edu/>



CFAES Center for Cooperatives

CFAES

Hannah Scott, JD
scott.1220@osu.edu
614-247-9705

Melissa Whitt
whitt.168@osu.edu
614-247-6668

Ann Luther
Luther.111@osu.edu
740-289-1952



go.osu.edu/cooperatives



facebook.com/OhioStateCooperatives



@OSUcooperatives on X



Scan the QR code to sign up for updates in your inbox!



Cooperatives are mutually-owned, democratically-controlled businesses based on values of self-help and equity. Our team assists entrepreneurs, educates the community, and generates knowledge about the cooperative business model with a special focus on food, agriculture, and rural communities.

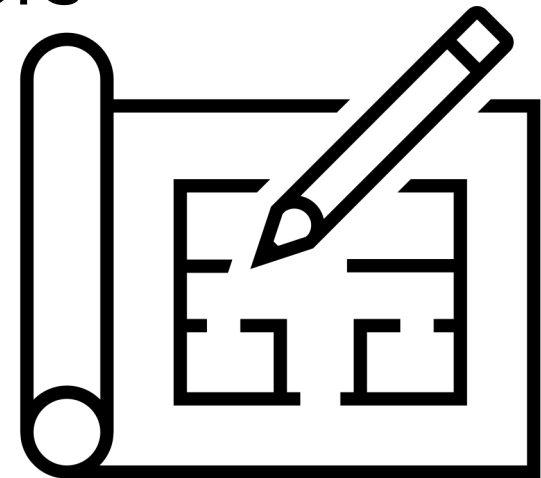
Today's Approach



This program is provided for educational purposes only. It is not legal advice. It is not a substitute for the potential need to consult with a competent attorney in the appropriate jurisdiction.

Today's Plan

- What is a business structure and why does it matter?
- Building and consulting a team of advisors
- Intro to common business structures
- Preparing to work with advisors



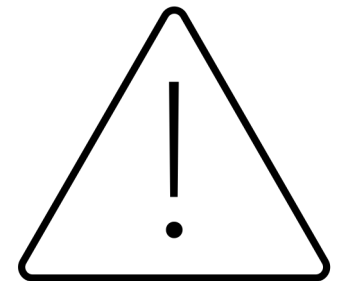
Let's Get to Know Each Other

- Who are you?
- What question do you hope we talk about during our time together?



Some Basic Background

- Business entities are organized according to state statute.
- A business entity type and a business tax status are related, but different concepts.
- The “right” entity type is highly dependent on circumstance. The “right” entity type may change over time.

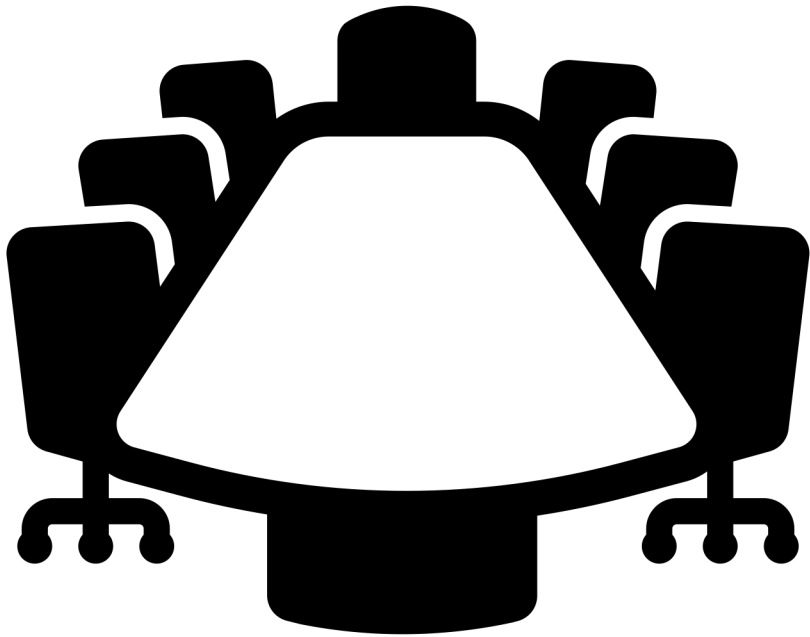


What is a Business Structure?



- An enterprise's legal structure informs who controls it and how, who is liable for losses or actions, how the enterprise raises capital, who receives income and losses, and more.
- Business entity – Some entities are created formally under state law with a state authority. These entities are generally considered “legal persons” separate from their owners.

Build and Consult a Team of Advisors



- Lawyers
- Accountants
- Tax experts
- Bankers
- Insurance expert
- Small business developers
- ...

Brainstorm Break



- List 2 or 3 kinds of business advisors you think it would be helpful to consult with about your idea or a specific question.
- List one question you have for each of these advisors.

Finding Advisors

- Consult trusted advisors and knowledgeable experts in your community!
 - Extension educators – [OSU Extension “Locate an Office”](#)
 - Small Business Development Centers – [Find Your SBDC](#)
 - Chambers of Commerce – [Ohio Chamber of Commerce Directory](#)
- County bar associations, regional legal aid societies, student clinics at law schools, law libraries, etc.
 - [Ohio State Bar Association Attorney Directory](#) and [Lawyer Referral Services](#) listing
 - [Local Bar Associations in Ohio](#)
 - [West Virginia State Bar Directory](#) and [Lawyer Referral Service, Tuesday Legal Connect, and West Virginia Free Legal Answers](#)
 - [County Bar Associations in West Virginia](#)
- Talk with other entrepreneurs and business owners about their experiences!



Sole proprietorship

Ownership

- Owned by a single person – the proprietor

Control

- Decisions are made by the proprietor

Profits

- Proprietor is entitled to all profits

Liability

- Owner has personal liability for business

Taxation

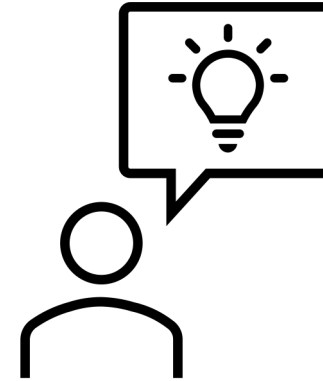
- Pass through - business income and losses included on owner's taxes

Internal organizing documents

- None

Formalities

- No formalities required to start or maintain



Starting a sole proprietorship

Beginning business operations!

— Partnership - General

Ownership

- Owned by two or more individuals who contribute capital or labor and expect to share in profits and losses

Control

- Decisions are made jointly by partners

Profits

- Partners share profits and losses equally (or by agreement)

Liability

- Each partner personally liable for actions and debts of the business and other partners

Taxation

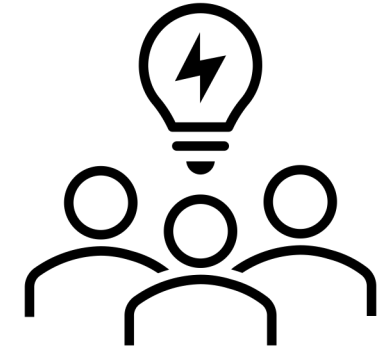
- Pass through - business income and losses reported personally by partners

Internal organizing documents

- None required; may use partnership agreement

Formalities

- No formalities required to start or maintain



Starting a general partnership

Beginning business operations with two or more partners!

— Partnership - Limited

Ownership

- Owned by two or more individuals involved in business and sharing in profits and losses

Control

- General partner exercises control over business

Profits

- Partners share profits and losses according to investment (or by agreement)

Liability

- General partner personally liable for actions and debts of the business; limited partners have limited personal liability

Taxation

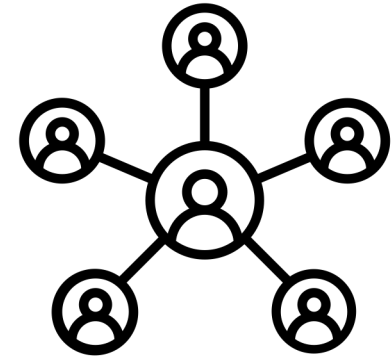
- Pass through taxation based on ownership interests of partners

Internal organizing documents

- None required; may use partnership agreement

Formalities

- Certificate of limited partnership or other documentation filed with state to form



***Starting a
limited partnership***

Filing documentation with
state agency

Corporation

Ownership

- Owned by shareholders

Control

- Governed by elected board of directors, generally including corporate officers; shareholders vote on some matters based on shares

Profits

- Shareholders receive dividends in proportion to investment

Liability

- Limited liability for shareholders and directors

Taxation

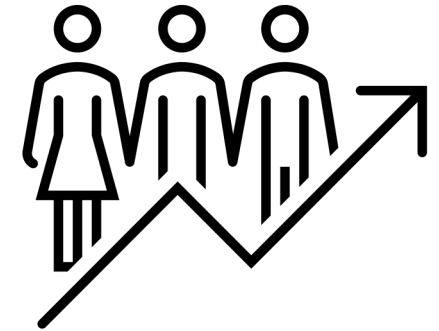
- C-Corp income taxed at corporate level and dividends as income to shareholders; S-Corp pass through taxation for shareholders if elected

Internal organizing documents

- Articles of incorporation, bylaws, shareholder certificates

Formalities

- Articles of incorporation filed with state to form; director meetings, shareholder meetings, corporate records to maintain



Starting a corporation

Filing documentation with state agency

Ongoing formalities like director and shareholder meetings

— Limited Liability Company

Ownership

- Owned by one or more individuals or entities referred to as “members”

Control

- Members according to the operating agreement

Profits

- Members according to the operating agreement

Liability

- Limited liability for members

Taxation

- Elect pass-through taxation or taxation as corporation

Internal organizing documents

- Articles of organization, operating agreement

Formalities

- Articles of organization filed with state to form



***Starting a
limited liability company***

Filing documentation with
state agency

Cooperative

Ownership

- Owned by member-owners who are generally users of the enterprise

Control

- Board of directors elected from and by membership, generally including corporate officers; shareholders vote on some matters democratically

Profits

- Member users in proportion to their use of the enterprise

Liability

- Limited liability for member-owners and directors

Taxation

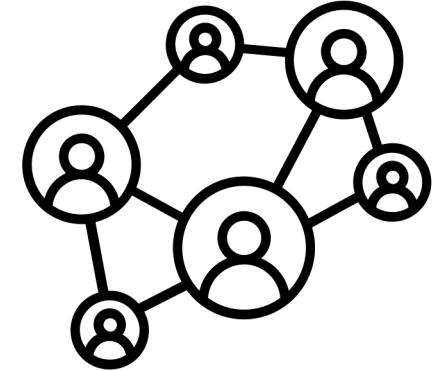
- Income generally taxed at either the cooperative or member-owner level

Internal organizing documents

- Articles of incorporation, bylaws, membership documentation

Formalities

- Articles of incorporation filed with state to form; director meetings, shareholder meetings, corporate records to maintain



Starting a cooperative

Filing documentation with state agency

Ongoing formalities like director and shareholder meetings

Nonprofit Corporation

Ownership

- No legal owners

Control

- Board of directors, generally including corporate officers

Profits

- Profits reinvested in enterprise; no owners to make profit or loss distributions

Liability

- Limited liability for directors, officers, and members

Taxation

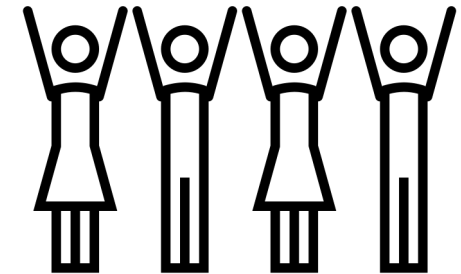
- Generally, elect a tax-exempt status at federal and state level

Internal organizing documents

- Articles of incorporation, code of regulations

Formalities

- Articles of incorporation filed with state to form; director meetings, shareholder meetings, corporate records to maintain



Starting a nonprofit corporation

Filing documentation with state agency

Ongoing formalities like director and shareholder meetings

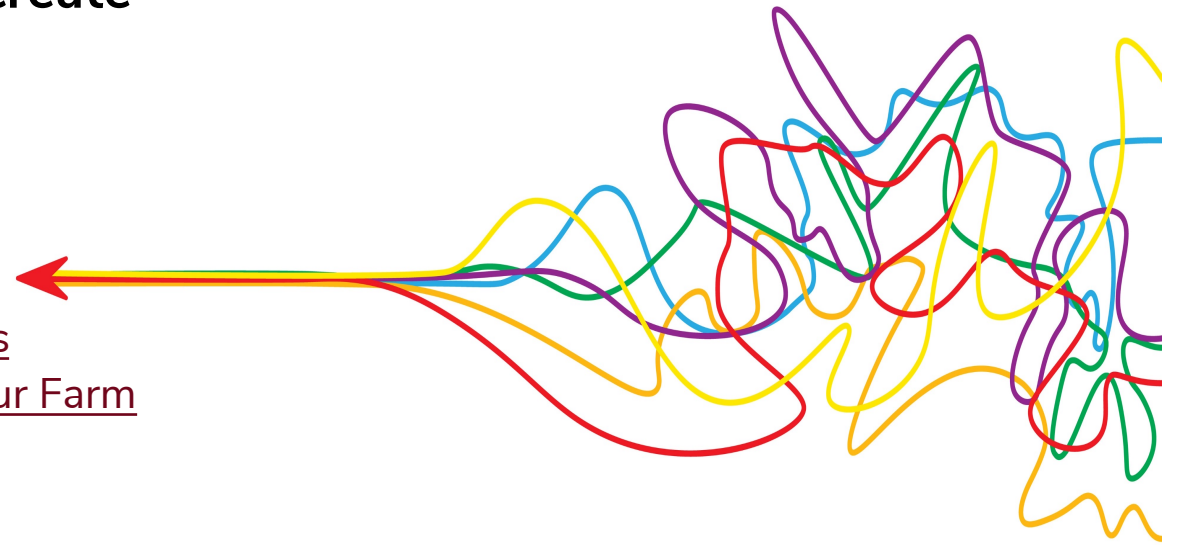
Brainstorm Break



- Return to your questions for advisors from earlier in our conversation. What questions would you add now?

Prepare for Working with Advisors

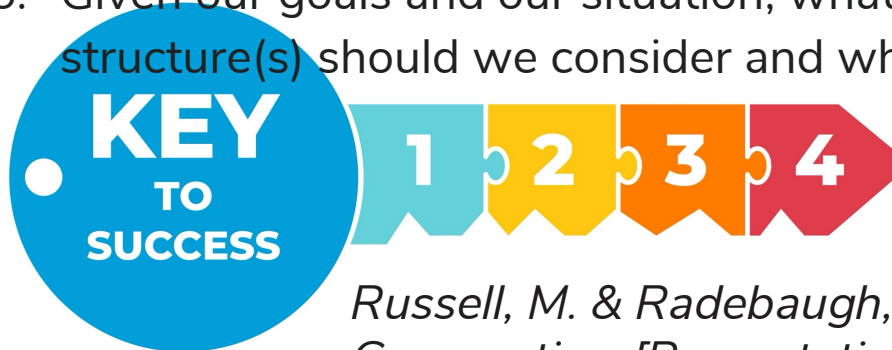
- **Work with knowledgeable experts in your community to explore your business idea and create a business plan**
 - Small Business Development Centers – [Find Your SBDC](#)
- **Learn from online resources from reputable organizations**
 - Ohio State Bar Association [Commonly Asked Law Questions](#)
 - Ohio State University Extension Farm Office [“Structuring your Farm Business” Law Bulletin Series](#)
 - [Farmers’ Guide to Business Structures](#) published by SARE
- **Consult with people who will be involved in or potentially impacted by the business, like family members**
- **Write down questions ahead of meeting**



— 10 Questions to Ask An Attorney...

CFAES

1. What do we need an attorney for?
2. How do you bill? What should we budget for the services we need, or you recommend?
3. You're very expensive! What questions should we think about on our own time? Can you recommend an attorney within my budget?
4. What kinds of cooperatives have you worked with in the past? Can we talk with one of them?
5. Given our goals and our situation, what entity structure(s) should we consider and why?
6. What do your words mean?
7. Why and when should we talk to an accountant? What other professionals should we talk to? Do you have referrals in my state?
8. We need to raise funds. Is there anything we should know before we start talking with people, posting things online, or seeking investors? When do we need to think about securities law?
9. Do we need insurance? When?
10. Consider framing your questions as "If we want to do X, what do we need to think about?" rather than "Is this allowed?"



Russell, M. & Radebaugh, J. 10 Questions to Ask your Attorney When Building Your Cooperative. [Presentation]. CFAES Center for Cooperatives Appalachia Cooperates Initiative.

go.osu.edu/ten THE UNIVERSITY COLLEGE OF FOOD, AGRICULTURAL, AND ENVIRONMENTAL SCIENCES

Share Your Feedback!



<https://go.osu.edu/CzNW>

If prompted, use code **R_1r5bqstvNJqWfmh** to access survey.

References

- Buckeye Valley Beef Cooperative, <https://www.buckeyevalleybeef.com/> (last visited August 14, 2020).
- *Business Organizations: An Overview*, National Agricultural Law Center, <https://nationalaglawcenter.org/overview/bus-org/>
- *Business Structure Comparison*, University of Wisconsin Center for Cooperatives, <https://uwcc.wisc.edu/about-co-ops/business-structure-comparison/>
- *Business Structures for Farmers and Food Entrepreneurs*, Legal Food Hub: A project of the Conservation Law Foundation, https://www.legalfoodhub.org/wp-content/uploads/2019/11/Lightning-Guide_Selecting-A-Business-Structure-FINAL.pdf
- Carrie Beckman, *Business Structure for Small Farms: A Quick Guide*, Washington State University Extension (2015), https://s3.wp.wsu.edu/uploads/sites/2073/2019/01/Business-Structure-For-Small-Farms_A-Quick-Guide.pdf
- *Deciding on the Right Structure for Your Business*, Legal Food Hub: A project of the Conservation Law Foundation, https://www.legalfoodhub.org/wp-content/uploads/2019/11/Lightning-Guide_Selecting-A-Business-Entity_A-decision-tree.pdf
- Fuscaldo, D. (Sept. 17, 2024). "What's the Difference Between Accountants and Bookkeepers?" *Business News Daily*. <https://www.businessnewsdaily.com/15357-15-accountant-bookkeeper-differences.html>

References

- Internal Revenue Service, *Tax-Exempt Status for Your Organization (Publication 557)* (2002), <https://www.irs.gov/pub/irs-pdf/p557.pdf>
- Kagan, J., Howard, E., Schmitt, K. (July 12, 2022). *Tax Advisor: Who They Are, What They Do, Regulations*. Investopedia. <https://www.investopedia.com/terms/t/taxadvisor.asp#:~:text=A%20tax%20advisor%20is%20a%20financial%20professional%20who%20provides%20advice,or%20more%20types%20of%20professionals>.
- Kimberly A. Zueli and Robert Cropp, *Cooperatives: Principles and practices in the 21st century*, University of Wisconsin Extension.
- Moeddel, M. J. & Rosler, R. (Dec. 31, 2021). Ohio Rewrites the Law on Limited Liability Companies. Ohio Lawyer, Ohio State Bar Association. <https://www.ohioabar.org/member-tools-benefits/practice-resources/practice-library-search/practice-library/2021-ohio-lawyer/ohio-rewrites-the-law-on-limited-liability-companies/>
- O'Brien, D., Hamilton, N., & Luedeman, R. (2005). "The Farmer's Legal Guide to Producer Marketing Associations." Drake University Agricultural Law Center. Retrieved from https://nationalaglawcenter.org/wp-content/uploads/assets/articles/obrien_producemarketing_intro.pdf

References

- Rachel Armstrong, Erin Hannum, Laura Fisher, and Lisa Schlessinger, *Farmer's Guide to Business Structures: LLCs, Corporations, Partnerships and More*, Farm Commons (2018), <https://farmcommons.org/resources/farmers-guide-business-structures>
- Rusty Rumley, *Sole Proprietorships*, National Agricultural Law Center, Business Organizations Reading Room, <https://nationalaglawcenter.org/wp-content/uploads/assets/readingrooms/businessorgs-sole.pdf>
- Rusty Rumley, *General Partnerships*, National Agricultural Law Center, Business Organizations Reading Room, <https://nationalaglawcenter.org/wp-content/uploads/assets/readingrooms/businessorgs-general.pdf>
- Rusty Rumley, *The Limited Partnerships*, National Agricultural Law Center, Business Organizations Reading Room, <https://nationalaglawcenter.org/wp-content/uploads/assets/readingrooms/businessorgs-limited.pdf>
- Rusty Rumley, *Limited Liability Partnerships*, National Agricultural Law Center, Business Organizations Reading Room, <https://nationalaglawcenter.org/wp-content/uploads/assets/readingrooms/businessorgs-llp.pdf>
- Rusty Rumley, *C Corporations*, National Agricultural Law Center, Business Organizations Reading Room, <https://nationalaglawcenter.org/wp-content/uploads/assets/readingrooms/businessorgs-ccorp.pdf>
- Rusty Rumley, *S Corporations*, National Agricultural Law Center, Business Organizations Reading Room, <https://nationalaglawcenter.org/wp-content/uploads/assets/readingrooms/businessorgs-scorp.pdf>

References

- Rusty Rumley, *Limited Liability Company*, National Agricultural Law Center, Business Organizations Reading Room, <https://nationalaglawcenter.org/wp-content/uploads/assets/readingrooms/businessorgs-llc.pdf>
- “Start a Partnership in Ohio.” (n.d.) Ohio Secretary of State. <https://www.ohiosos.gov/globalassets/publications/busserv/partners.pdf>
- The J.M. Smucker Company, <https://www.jmsmucker.com/> (last visited August 14, 2020). The Wild Ramp: A Local Food Market, <http://wildramp.org/> (last visited August 14, 2020).
- U.S. Department of Agriculture Rural Development, Cooperative Information Report 55, *Co-ops 101: An Introduction to Cooperatives* (2012), <http://www.rd.usda.gov/files/cir55.pdf>
- U.S. Department of Agriculture Rural Development, Cooperative Information Report 45, Section 2, *Understanding Cooperatives: Cooperative Business Principles* (2011), http://www.rd.usda.gov/files/CIR45_2.pdf
- U.S. Department of Agriculture Rural Business and Cooperative Development Service, Cooperative Information Report 23, *Tax Treatment of Cooperatives* (1995), <https://www.rd.usda.gov/sites/default/files/cir23.pdf>

WE SUSTAIN LIFE

Thank you!



osucooperatives@osu.edu



go.osu.edu/cooperatives



facebook.com/OhioStateCooperatives



@OSUcooperatives on X



THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL,
AND ENVIRONMENTAL SCIENCES