



WEEDKANDA CANNABIS OPERATING AGREEMENT

Prepared for serious Investors 2020



CAPITAL CONTRIBUTIONS FOR 2020

The Capitol Contribution of members will be used to maintain and grow our business. In 2020 **Weedkanda Cannabis LLC** has been granted zoning approval to build a 10,000.00 Square foot facility in Oklahoma County, on land held free and unencumbered. This presents the opportunity to transition into a larger more profitable facility by the 3rd quarter of 2020. To become a member. Please read sign and notarize the agreement, return the signed agreement with your certified check made payable to: **Emmanuel Partners LLC**. Please write in the memo section **Cap. Contribution WKCLLC. Weedkanda Cannabis LLC** will send a Certificate of Capitol Contribution & Membership in the LLC. This will be returned to you notarized and signed.

[DATE]

OPERATING AGREEMENT of Weedkanda Cannabis LLC

1. **This Operating Agreement** (the "Agreement") made and entered into this 25th day of September, 2018 (the "Execution Date"),
2. **AMONGST:**
3. *Mary Mozee of, 12405 NW 3rd St, Yukon, Ok. 73099
* Dr. Margaret Stripling _____ Tulsa, Oklahoma
*Alan D. Mozee of _____, Oklahoma
*Precision Resources LLC _____ Oklahoma
*Reggie Green of _____ Hayward, California
*Alan Mozee of 12405 NW 3rd St, Yukon, Ok. 73099
Melvin Stevens _____ Oklahoma City
(*individually the "Member" and collectively the "*The Founding Members").
4. **BACKGROUND:**
5. The Founding Members wish to associate themselves as members of a limited liability Corporation.

The Corporation will be formed with three classes of members beyond the class that includes the Founding Class Members.

The Founding Class Members are responsible for the policies and procedures that govern the operation of the Corporation and are obligated to operate the Corporation in the best interest of all classes of members.

I) **Class (A) Members** are members based on a Capital Contribution Greater Than **\$25,000** or selected by the **Executive Board**. Class (A) Members with Professional skills and abilities that are deemed essential to the Corporation's operations, can by a Majority vote of the **Executive Board** be granted "Preferential Capitol Contribution" Arrangements to leverage and apply those skills on an "agreed upon basis" for the benefit of the Corporation and all classes of members

The class (A) Members have a Right to their proportionate share of all Profits and Losses.

II) Class (B) Members are those whose Capitol Contribution is **\$15,000.00** or Greater. Class (B)

Members with Professional skills and abilities that are deemed essential to the Corporation's operations, can by a Majority vote of the **Executive Board** be granted "Preferential Capital Contribution" Arrangements to leverage and apply those skills on an "agreed upon basis" for the benefit of the Corporation and all classes of members. Class (B) Members have a Right to their proportionate share of all Profits and Losses

III) **Class (C) Members** are those who's initial Capital Contribution is **\$10,000.00** or more Class (C) Members have a Right to their proportionate share of Profits and Losses.

6. The terms and conditions of this Agreement will govern the Operations and Members within the limited liability Corporation.

7. **IN CONSIDERATION OF** and as a condition of the members entering into this Agreement and other valuable consideration, the receipt and sufficiency of which is acknowledged, the members agree as follows:

a. **Formation**

8. By this agreement, the members form a Limited Liability Corporation (the "Corporation") in accordance with the laws of the State of Oklahoma. The rights and obligations of the members will be as stated in the Oklahoma Limited Liability Corporation Act (the "Act") except as otherwise provided in this agreement.

Name

1. The name of the Corporation will be Weedkanda Cannabis LLC. (Herein referred to as "The Corporation")

Purpose

2. Grow, Distribute, Process, and Retail Medical Marijuana and Marijuana Products Made from Medical Marijuana.

Term

3. The Corporation will continue until terminated as provided in this Agreement or may dissolve under conditions provided in the Act.

Place of Business

4. The Principal Office of the Corporation will be located at 12405 NW 3rd St Yukon, Ok.73099 or such other place as the Members may from time to time designate.

Capital Contributions

5. The following is a list of all *Founding Members and their Initial Contributions to the Corporation. Each of the Members agree to make their Initial Contributions to the Corporation in full, according to the following terms: Capitol Contributions will be treated on a dollar for dollar basis as the members proportionate share of all Profits and Losses. Funds for the members Capitol Contributions Must be in Certified funds if mailed the funds must be sent Certified Mail, Return receipt requested without exception.

Member	Contribution Description	Value of Contribution
*Mary A. Mozee	Cash proceeds from the sale of property, Services to include but not limited to Human Capital Management, Help in organizing the business.	*****
*Alan D. Mozee	Service include but not limited to help in organizing and managing the business and being an active participant in the companies operation	*****
*Alan Mozee	Service including but not limited to organizing and managing the business and being an active participant in the Corporation's operations.	*****
* Dr. Margaret	Service including but not limited to organizing and managing the business and being an active participant in the Corporation's operations.	*****
*Precision LLC	Service including but not limited to organizing and managing the business and being an active participant in the Corporation's operations	*****
*Reggie M. Green	Service including but not limited to organizing and managing the business	*****

and being an active participant in the Corporation's operations

*Founding member

Allocation of Profits/Losses

6. Subject to the other provisions of this Agreement, the Net Profits or Losses, for both accounting and tax purposes, will accrue to and be borne by the Members in proportion to the Members' Capital Contributions inclusive of any Additional Capital Contributions.
7. Distributions to Members will be made in proportion to the Members' Capital Contributions inclusive of any Additional Capital Contributions. Subject to the other provisions of this Agreement, the Net Profits or Losses, for both accounting and tax purposes, will accrue and all distributions of Net Profits or Losses, will be paid annually 30 days before the end of the Corporation's fiscal year or December 15th whichever is earlier.
8. No Member will have priority over any other Member for the distribution of Net Profits or Losses.

Nature of Interest

9. A Member's interest in the Corporation will be considered personal property, and will at no time be considered real property.

Withdrawal of Contribution

10. No Member will withdraw any portion of their Capital Contribution prior to the annual distribution of Net Profits or Losses as described in Paragraph 7.

Liability for Contribution

11. A Member's obligation to make their required Capital Contribution can only be compromised or released with the consent of a Majority of the Executive Members or as described elsewhere in this Agreement. Membership is considered full and proportionate only when the certified funds are confirmed and a *Certificate of Proportional Membership is signed by the New Member and an

Authorized Representative of Weedkanda Cannabis LLC.

Additional Contributions

12. The amount of Capital Contributions for Class (B) and Class (C) may be amended from time to time, according to the business needs of the Corporation. Net Profits or Losses and the distribution of assets on dissociation or dissolution will be adjusted accordingly.
13. Any advances of services or money to the Corporation by any Member in excess of the amounts provided for in this Agreement or subsequently agreed to, will be deemed a debt due from the Corporation rather than an increase in the Capital Contribution of the Member. This liability will be repaid with interest at such rates and times to be determined by a majority of the Executive Board Members. This liability will not entitle the lending Member to any increased share of the Corporation's profits nor to a greater voting power. Repayment of such debts will have priority over any other payments to Members.

Capital Accounts

14. A capital account will be established for the Corporation on behalf of the entire Membership and the initial Capital Contribution will be credited to this account. Any additional contributions made by Members will be credited to that Capital Account.

Interest on

Capital

15. No borrowing charge or loan interest will be due or payable to any Member on their agreed Capital Contribution inclusive of any agreed Additional Contributions. Members have a Right to their Proportionate share of all Profits and Losses. Allocation and disbursement of Capital Contributions should be in accordance with Weedkanda Cannabis LLC's Business Plan and for the express benefit of all Members.

Management

16. Management of this Corporation is vested in the Members of the Corporation designated by the Executive Board.

Authority to Bind Corporation

17. Only the following individuals have authority to act for or bind the Corporation in contract:
- Any Three Members of the Executive Board or a designee thereof who has been approved by the Executive Board for a specific instance. Alan D. Mozee', Mary Mozee' Twonnie Mozee' or Alan Mozee'.

Duty of Loyalty

18. Any Member may invest in or engage in any business of any type, including without limitation, a business that is similar to the business of the Corporation whether or not in direct competition with the Corporation and whether or not within the established or contemplated market regions of the Corporation. Neither the Corporation nor any Member will have any right to that opportunity or any income derived from that opportunity.

Duty to Devote Time

19. Each Member designated by the Executive Board as Management will devote such time and attention to the business of the Corporation as outlined in the adopted policies and procedures for Management Personnel. These requirements may be adjusted as most of the Executive Board Members will from time to time reasonably determine for the conduct of the Corporation business.

Member Meetings

20. A meeting may be called by any Member of the Executive Board providing that reasonable notice has been provided to the other Members required to attend.
21. Executive Board meetings will be held at location that allow as many members to attend as possible. Meeting may be held via the Web whenever possible.
22. Regular Executive Board meetings will be held monthly.

Voting

23. Votes on issues concerning the operation of the Corporation are solely the prerogative of the Executive Board. Any vote for the sale or merger of the Corporation in whole or in part must be approved by two thirds vote of the Class (A) and Class (B) members and a unanimous vote of the Executive Board.

Admission of New Members

24. A new Member may be admitted to the Corporation as a Class (B) or Class (C) member per the terms outlined in the section above entitled Background.

25. The new Member agrees to be bound by all the covenants, terms, and conditions of this Agreement, inclusive of all current and future amendments. Further, a new Member will execute such documents as are needed to effect the admission of the new Member. Any new Member will receive such business interest in the Corporation as determined by their proportionate Capital Contribution. New Members have a Right to their proportionate share of Profits and Losses.

Voluntary Withdrawal of a Member

26. Where the Corporation consists of two or more Members, the voluntary withdrawal of a Member will have no effect upon the continuance of the Corporation.

27. It remains incumbent on the withdrawing Member to exercise this dissociation in good faith and to minimize any present or future harm done to the remaining Members as a result of the withdrawal.

Involuntary Withdrawal of a Member

28. Events leading to the involuntary withdrawal of a Member from the Corporation will include but not be limited to: death of a Member; Member mental incapacity; Member disability preventing reasonable participation in the Corporation; Member incompetence; breach of fiduciary duties by a Member; criminal conviction of a Member; Operation of Law against a Member or a legal judgment against a Member that can reasonably be expected to bring the business or societal reputation of the Corporation into disrepute. Expulsion of a Member can also occur on application by the Corporation or another Member, where it has been judicially determined that the Member: has engaged in wrongful conduct that adversely and materially affected the Corporation's business; has willfully or persistently committed a material breach of the Operating Agreement or of a duty owed to the Corporation or to the other Members; or has engaged in conduct relating to the Corporation's business that makes it not reasonably practicable to carry on the business with the Member. Any Involuntary Withdrawal for cause can be reviewed by the Executive Board Members and amended by a Majority vote of the Executive Board Members.

29. Where the Corporation consists of two or more Members, the involuntary withdrawal of a Member will have no effect upon the continuance of the Corporation.

Dissociation of a Member

30. In the event of either a voluntary or involuntary withdrawal of a Member, if the Executive Board Members elect to purchase the interest of the withdrawing Member, the Executive Board Members will serve written notice of such election, including the purchase price and method and schedule of payment for the withdrawing Member's interest, upon the withdrawing Member, their executor, administrator, trustee, committee or analogous fiduciary within a reasonable period after acquiring knowledge of the change in circumstance to the affected Member. The purchase amount of any buyout of a Member's interest will be determined as set out in the Valuation of Interest section of this Agreement.
31. The Executive Board Members retain the right to seek damages from a dissociated Member where the dissociation resulted from a malicious or criminal act by the dissociated Member or where the dissociated Member had breached their fiduciary duty to the Corporation or was in breach of this Agreement or had acted in a way that could reasonably be foreseen to bring harm or damage to the Corporation or to the reputation of the Corporation.
32. A dissociated Member will only have liability for Corporation obligations that were incurred during their time as a Member. On dissociation of a Member, the Corporation will prepare, file, serve, and publish all notices required by law to protect the dissociated Member from liability for future Corporation obligations provided the material breach was not egregious invidious with lasting effect.
33. Where the Executive Board Members have purchased the interest of a dissociated Member, the purchase amount will be paid in full, but without interest, within 90 days of the date of withdrawal. The Corporation will retain exclusive rights to use of the trade name and firm name and all related brand and model names of the Corporation. Where the purchase may cause financial harm or loss to other members the Corporation reserves the right to extend the purchase for a period not to exceed 36 months or three fiscal years whichever is longer.

Right of First Purchase

34. In the event that a Member's Interest in the Corporation is or will be sold, due to any reason, the Executive Board will have a right of first purchase of that Member's Interest. The value of that interest in the Corporation will be the lower of the value set out in the Valuation of Interest section of this Agreement and any third party offer that the Member wishes to accept.

Assignment of Interest

35. Where a Member's financial interest in the Corporation is assigned to another party who is not an existing Member, that party will be treated as a new Member. An assignment of full Membership status inclusive of all duties, obligations, and rights held by the previous Member will be governed by the conditions described under the Admission of New Members section of this Agreement.
36. In the event that a Member's interest in the Corporation is transferred or assigned as the result of a court order or Operation of Law, the trustee in bankruptcy or other person acquiring that Member's interest in the Corporation will only acquire that Member's economic rights and interests and will not acquire any other rights of that Member or be admitted as a Member of the Corporation or have the right to exercise any management or voting interests.

Valuation of Interest

37. A Member's financial interest in the Corporation will be in proportion to their Capital Contributions, inclusive of any Additional Capital Contributions.
38. In the absence of a written agreement setting a value, the value of the Corporation will be based on the fair market value appraisal of all Corporation assets (less liabilities) determined in accordance with generally accepted accounting principles (GAAP). This appraisal will be conducted by an independent accounting firm agreed to by all Executive Board Members. An appraiser will be appointed within a reasonable period of the date of withdrawal or dissolution. The results of the appraisal will be binding on all Members. The intent of this section is to ensure the survival of the Corporation despite the withdrawal of any individual Member.
39. No allowance will be made for goodwill, trade name, patents or other intangible assets, except where those assets have been reflected on the Corporation books immediately prior to valuation.

Dissolution

40. The Corporation may be dissolved by a two-thirds vote of Class (A) and Class (B) Members and a unanimous vote of the Executive Board Members. The Corporation will also be dissolved on the occurrence of events specified in the Act.

41. Upon Dissolution of the Corporation and liquidation of Corporation property, and after payment of all selling costs and expenses, the liquidator will distribute the Corporation assets to the following groups according to the following order of priority:
- a. in satisfaction of liabilities to creditors except Corporation obligations to current Members;
 - b. in satisfaction of Corporation debt obligations to current Members; and then
 - c. to the Members based on Member financial interest, as set out in the Valuation of Interest section of this Agreement.

Records

42. The Corporation will at all times maintain accurate records of the following:
- a. Information regarding the status of the business and the financial condition of the Corporation;
 - b. A copy of the Corporation federal, state, and local income taxes for each year;
 - c. Name and last known business, residential, or mailing address of each Member, as well as the date that person became a Member;
 - d. A copy of this Agreement and any articles or certificate of formation, as well as all amendments, together with any executed copies of any written powers of attorney pursuant to which this Agreement, articles or certificate, and any amendments have been executed; and
 - e. The cash, property, and services contributed to the Corporation by each Member, along with a description and value, and any contributions that have been agreed to be made in the future.
43. Each Member has the right to demand, within a reasonable period of time, a copy of any of the above documents for any purpose reasonably related to their interest as a Member of the Corporation, at their expense.

Books of Account

44. Accurate and complete books of account of the transactions of the Corporation will be kept in accordance with generally accepted accounting principles (GAAP) and at all reasonable times will be available and open to inspection and examination by any Member. The books and records of the Corporation will reflect all the Corporation's transactions and will be appropriate and adequate for the business conducted by the Corporation.

Banking and Corporation Funds

45. The funds of the Corporation will be placed in such investments and banking accounts as will be designated by the Executive Board Members. All withdrawals from these accounts will be made by the duly authorized agent or agents of the Corporation as appointed by unanimous consent of the Executive Board Members. Corporation funds will be held in the name of the Corporation and will not be commingled with those of any other person or entity.

Audit

46. Any Member will have the right to request an audit of the Corporation books. That audit if additional or precedes statutory audits will be disseminated to the membership as the annual audit of record. The cost of the audit will be borne by the Member. The audit will be performed by an accounting firm acceptable to all the Member and a Majority of the Executive Board. Where the Corporation consists of two or more Members, not more than one (1) audit will be required by any or all of the Members for any fiscal year.

Tax Treatment

47. This Corporation is intended to be treated as a partnership for the purposes of Federal and State Income Tax.

Tax Matters Partner

48. The tax matters partner will be _____ (the "Tax Matters Partner"). The Tax Matters Partner will prepare, or cause to be prepared, all tax returns and reports for the Corporation and make any related elections that the Members may deem advisable.

49. A Tax Matters Partner can voluntarily withdraw from the position of Tax Matters Partner or can be appointed or replaced by a majority of the Voting Members. In the event of a withdrawal of the

Tax Matters Partner from the Corporation, the remaining Members will appoint a successor as soon as practicable.

Annual Report

50. As soon as practicable after the close of each fiscal year, the Corporation will furnish to each Member an annual report showing a full and complete account of the condition of the Corporation including all information as will be necessary for the preparation of each Member's income or other tax returns. This report will consist of at least:

- a. A copy of the Corporation's federal income tax returns for that fiscal year;
- b. A breakdown of the profit and loss attributable to the Corporation;
- c. Balance sheet;
- d. Income statement; and
- e. Cash flow statement.

Goodwill

51. The goodwill of the Corporation will be assessed at an amount to be determined by appraisal using generally accepted accounting principles (GAAP).

Governing Law

52. The Members submit to the jurisdiction of the courts of the State of Oklahoma for the enforcement of this Agreement or any arbitration award or decision arising from this Agreement.

Forbidden Acts

53. No Member may do any act in contravention of this Agreement.
54. No Member may permit, intentionally or unintentionally, the assignment of express, implied or apparent authority to a third party that is not a Member of the Corporation.

55. No Member may do any act that would make it impossible to carry on the ordinary business of the Corporation.

56. No Member will have the right or authority to bind or obligate the Corporation to any extent with regard to any matter outside the intended purpose of the Corporation.

57. No Member may confess a judgment against the Corporation.

58. Any violation of the above forbidden acts will be deemed an Involuntary Withdrawal of the offending Member and may be treated accordingly by the remaining Members.

Indemnification

59. All Members will be indemnified and held harmless by the Corporation from and against any and all claims of any nature, whatsoever, arising out of a Member's participation in Corporation affairs. A Member will not be entitled to indemnification under this section for liability arising out of gross negligence or willful misconduct of the Member or the breach by the Member of any provisions of this Agreement.

Liability

60. A Member or any employee will not be liable to the Corporation or to any other Member for any mistake or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred or implied by this Agreement or the Corporation. The Member or employee will be liable only for any and all acts and omissions involving intentional wrongdoing.

Liability Insurance

61. The Corporation may acquire insurance on behalf of any Member, employee, agent or other person engaged in the business interest of the Corporation against any liability asserted against them or incurred by them while acting in good faith on behalf of the Corporation.

Life Insurance

62. The Corporation will have the right to acquire life insurance on the lives of any or all of the Members, whenever it is deemed necessary by the Corporation. Each Member will cooperate fully with the Corporation in obtaining any such policies of life insurance.

Actions Requiring Unanimous Consent

63. Actions requiring the unanimous consent of all Members will include, but not be limited to, the following:
- a. Sell, merge, consolidate, exchange or otherwise dispose of all or substantially all of the Property of the Corporation.

Amendment of Operating Agreement

64. No amendment or modification of this Agreement will be valid or effective unless in writing and signed by all Executive Board Members.

Title to Corporation Property

65. Title to all Corporation property will remain in the name of the Corporation. No Member or group of Members will have any ownership interest in Corporation property in whole or in part.

Miscellaneous

66. Time is of the essence in this Agreement.
67. This Agreement may be executed in counterparts.
68. Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine gender include the feminine gender and vice versa. Words in a neutral gender include the masculine gender and the feminine gender and vice versa.
69. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.
70. This Agreement contains the entire agreement between the parties. All negotiations and understandings have been included in this Agreement. Statements or representations that may have

been made by any party to this Agreement in the negotiation stages of this Agreement may in some way be inconsistent with this final written Agreement. All such statements have no force or effect in respect to this Agreement. Only the written terms of this Agreement will bind the parties.

71. This Agreement and the terms and conditions contained in this Agreement apply to and are binding upon the Member's successors, assigns, executors, administrators, beneficiaries, and representatives.
72. Any notices or delivery required here will be deemed completed when hand-delivered, delivered by agent, or seven (7) days after being placed in the post, postage prepaid, to the parties at the addresses contained in this Agreement or as the parties may later designate in writing.
73. All of the rights, remedies and benefits provided by this Agreement will be cumulative and will not be exclusive of any other such rights, remedies and benefits allowed by law.

Definitions

74. For the purpose of this Agreement, the following terms are defined as follows:
 - a. "Additional Contribution" means Capital Contributions, other than Initial Contributions, made by a Member to the Corporation.
 - b. "Capital Contribution" means the total amount of cash, property, or services contributed to the Corporation by any one Member.
 - c. "Initial Contribution" means Capital Contributions made by a Member to acquire an interest in the Corporation.
 - d. "Member's Interests" means the Member's collective rights, including but not limited to, the Member's right to share in profits, Member's right to a share of Corporation assets on dissolution of the Corporation, Member's voting rights, and Member's rights to participate in the management of the Corporation.
 - e. "Net Profits or Losses" means the net profits or losses of the Corporation as determined by generally accepted accounting principles (GAAP).

f. "Operation of Law" means rights or duties that are cast upon a party by the law, without any act or agreement on the part of the individual including, but not limited to, an assignment for the benefit of creditors, a divorce, or a bankruptcy.

g. "Principal Office" means the office whether inside or outside the State of Oklahoma where the executive or management of the Corporation maintain their primary office.

IN WITNESS WHEREOF the Members have duly affixed their signatures under hand and seal on this _____ day of _____, _____.

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Mary Mozee (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

LaSherri Wright (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Alan D. Mozee (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Alan Mozee (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Melvin E. Stevens (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Brande Fox (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

LaDarren Cudjo (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Will Prince (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Reggie Green of (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Travis Lamont Headd (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

Dana Essenger (Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

(Member)

SIGNED, SEALED, AND DELIVERED

in the presence of:

Witness: _____ (Sign)

Witness Name: _____

(Member)

THE FOLLOWING PAGE IS NOT PART OF YOUR AGREEMENT

THIS PAGE IS PROVIDED FOR INFORMATION ONLY

How do I file my LLC Operating Agreement?

You do *not* need to file your LLC Operating Agreement. The Operating Agreement is simply an agreement between the members of the LLC.

An LLC is created by preparing and filing an Articles of Organization document with the state where the LLC will operate.

Are there any restrictions on Professional Services?

Members of the Corporation must be duly licensed to perform the professional service in this state.

A Corporation may offer more than one professional service if allowed by the appropriate licensing body.

What is a Tax Matters Partner?

The Tax Matters Partner (Member) is the Member selected by the LLC to represent the Corporation to the Internal Revenue Service and to make decisions on behalf of the LLC concerning taxation issues. The Internal Revenue Code requires that the Corporation designate a Member for this purpose.

How do I choose my tax treatment category?

It is important to note that how the LLC is taxed does not affect the legal protections the LLC provides. For example, an LLC could be set up to be taxed like a sole proprietorship while still providing limited liability protection.

One Member LLC

An LLC with 1 member will be treated as a disregarded entity by default. This means the LLC will be taxed as a sole proprietorship.

Two Member LLC

An LLC with 2 or more members will be taxed as a partnership by default. If you choose to be taxed as a partnership, the income from your LLC passes through to the members and is declared as personal income. In this way income is only taxed once but the personal income tax rates paid by the members may be much higher than the applicable corporate rate.

Additionally, any LLC has the option to be taxed as a corporation. A disadvantage of a corporate tax model is double taxation - where the LLC pays taxes on Corporation income and the members also pay tax on any income that members receive as dividends from the LLC. The advantage of the corporate tax model is that if most of the profits of the LLC can be retained in the Corporation then double taxation can be minimized and overall tax paid at a lower corporate tax rate.

Your choice of taxation method should result in the lowest taxes. If you have any further questions you should contact a local tax lawyer or accountant.

Are there any limits on distributions?

State law often restricts the amount of Corporation distributions in order to ensure the Corporation remains solvent. For example, some states have a distribution limit that prevents the Corporation's liabilities from exceeding assets after a distribution is made.

What is an allocation?

Where an LLC is classified as a partnership for federal income tax purposes, profits and losses are allocated among members. The LLC itself will not pay income tax in that case.

What are the benefits of requiring unanimous agreement?

Requiring unanimous consent is typically reserved for issues critical to the Corporation. By requiring unanimous consent, all Member's Interests are protected against unreasonable majority decisions.

Do I need witnesses?

It is a good idea to have your signatures witnessed even though most documents and contracts do not require a witness for them to be legally valid.

Many banks and other institutions have their own internal policies about signing requirements, and may refuse to accept documents that are not witnessed regardless of the fact that the documents are legally valid. If you want to avoid bureaucratic hold-ups, it may be a good idea to have your document witnessed.

How do I choose a witness?

Generally, the person you choose to witness a document should be a neutral third party with no financial or other interest in the agreement.

Ideally, a witness will observe the parties signing the document and sign the document as proof that they

witnessed the parties signing. The witness is not usually required to know or understand the contents of the document.